

Television

Danger—men at work

by WINSTON FLETCHER

When it comes to matters that matter to us, we all feel that television is unfair. It plays too little attention to our personal problems and predicaments; and when it does pay attention it misunderstands and distorts them. Governments are convinced that it is hypocritical (not to say hypocritical) and hostile; opponents feel neglected and ignored. The National Front and Black Radical groups are as blood-brothers in their unwavering conviction that all television reporting is fanatically bigoted. Balletomanes and badminton buffs, lepidopterists and lacrosse-lovers alike lament the deplorable dearth of time devoted to their particular passions.

Businessmen grumble about television on all counts: considering the importance to the wealth of the nation, and indeed to the majority of the adult population's daily lives, industry and commerce seem to be woefully neglected. Worse still, when they are portrayed the image is a shallow, blundering one, stressing the melodramatic cliché aspects of business life (power and prestige, devotions and dishonesty) at the expense of the real core of continuous routine hardwork.

Much of this stems from the eternal media dilemma: dog bites man versus man bites dog. The programme planners have a shrewd suspicion that not too many viewers would be gripped by the tense and tempestuous drama of an accountant poring over a balance sheet, or the hitlerly poignant saga of secretaries about to make the morning coffee and discovering—oh, suffering—that there's no Nescafé in the cupboard. Business programmes rightly claim, gets as much time as it justifies from a mass medium (and maybe too much); and within the constraints needed to dramatise and entertain, they feel that business is treated fairly and dispassionately.

My view is that these days (it is not to be so) business and industry in the widest sense do get their fair whack of television time available. Last week more than a dozen programmes dealt broadly with the difficulties mankind faces in earning its daily loaf. The problem is not quantity, it is quality: particularly the quality of the fictional—against the factual or documentary—views of industry.

Significantly, television is usually marvellous at depicting the simple, earthy toils and tribulations of honest-to-goodness folk scratching a living from nature: it is not so good at describing the less romantic, more sophisticated labours of executives—whose productive output is more nebulous. Two of last week's documentaries exemplify this perfectly.

Easily the best documentary of the week was Westward's *The Last Hunters* networked over ITV. The dangerous struggle of small-boat Cornish mackerel fishermen to bring home the day's catch was portrayed with sympathy and loving care. Intimate photography splashed pervasive waves into our living rooms, as a fisherman chattered the life-and-risk. The film reeked of

puritan ethic ("If you don't work you don't get anything. It's a challenge"); but it dodged the critical issue.

These fishermen, you may remember, sailed up the Thames in June to protest against the "vacuuming" of Cornish fish by the massive EEC and Russian fleets. Foreign fleets took 600,000 tons of mackerel from around our shores last year while our West Countrymen landed only 30,000 tons. The sympathies of *The Last Hunters* (note the emotive but ludicrously inaccurate title) were wholly on the side of our gallant Cornish fishermen, despite the fact that they willingly admitted that their prime objective was to protect the small fortunes they make from their fishing.

But what of the EEC and Russian boatsmen? Don't they work just as hard and as dangerously, probably for lower rewards? Not presumably, as the fish they catch being wastefully squandered: doubtless millions of hungry people eat them, and mass-vacuuming ensures that they can buy them cheaper and fresher than would remotely be possible if hand-caught Cornish fish were all that were available.

Whatever the rights and wrongs of this complex issue, the point is that *The Last Hunters*, superbly made though it was, was unashamedly partisan: small is beautiful, mechanised is ugly, efficiency is unromantic, primitive is praiseworthy, tradition is tops. These are the values with

which documentary makers and writers seem easily able to identify.

For when it comes to making films about real, hard-nosed industry you immediately sense uncertainty and unease. The writers and directors find it difficult to be wholeheartedly committed in the uncompromising way that the makers of *The Last Hunters* were. They may desperately wish to understand and share the businessman's joys and sorrows; but in the end they can rarely resist a slight snigger, the maverick flicker of a sneer creeping into their minds and voices.

Take for example Granada's well-meaning current World in Action series: *Nuts and Bolts of the Economy* (Mondays). These programmes aim to show the slings and arrows that a British salesman's flesh is heir to when he tries to sell our goods in Japan. Fine. Unquestionably World in Action's producers sincerely believe they are doing their bit to educate the public into comprehending how difficult and often unpleasant it is to build up business in a hostile alien environment.

Yet somehow smiling Mike Scott seems to be mocking the salesman's fooling efforts. The viewer is never invited or expected to empathise with them. Our native distaste for trade cannot, it seems, be buried. Not that this unhappy state of affairs exists merely on television; it is just as prevalent

among novelists, academics and intellectuals of all sorts — no Englishman, I'll take a tiny wager, could have written Arthur Miller's intensely compassionate "Death of a Salesman."

Which neatly brings us to fictional business in television drama. If television documentaries are less than brilliant at reflecting the realities of commerce and industry, its fictional counterparts are in my view almost invariably deplorable. I was never a paid-up member of the *Mogul* and *Power Game* fan club. Taut, gripping, vividly and undeniably, in my opinion (to begin to get back to where we came in) they gave an inaccurate, misleading and unfortunate picture of business and businessmen. Ambition, cunning, ruthlessness and even daring were there aplenty. Wit, fun, charm—let alone humanity—were nowhere in sight. I wish that those who write so relentlessly about business could attend as a fly on the wall a few major company Board meetings. They're serious, of course; but invariably interspersed with so much wittily, entertaining interruptions.

Still, compared to the current crop of fictional business offerings *Mogul* and *The Power Game* appear positively Baudelaire. It's hard to believe that even its creators could love *The Foundation* (ITV, Friday)—an everyday story of a simple millionaire tycoon's widow and of her brave financial empire—replete with such appalling lines as "We'll have to look at the return on capital investment and that sort of malarky," and "Egos are human beasts, they need feeding."

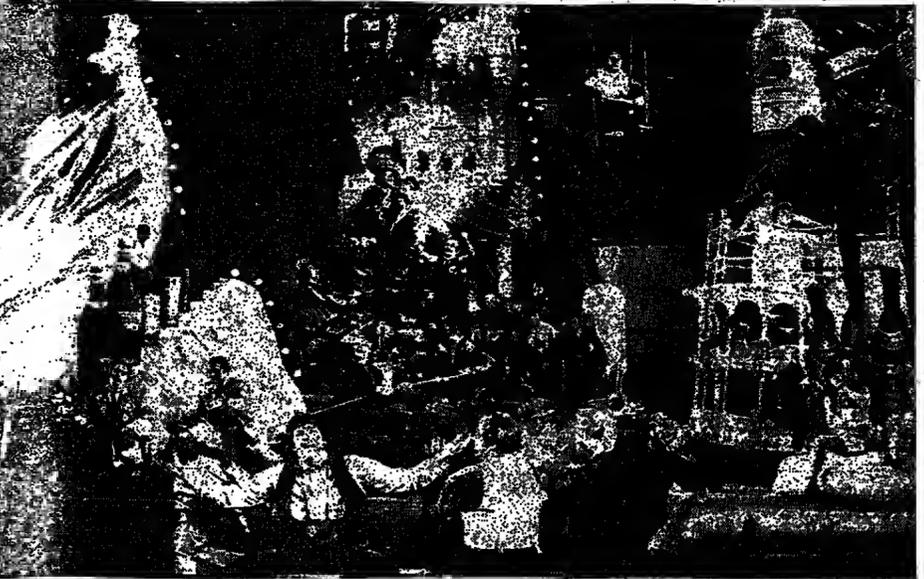
Nor sadly, am I one of the millions who seemingly find BBC's *The Fall and Rise of Reginald Perrin* (Tuesday, repeats) an endless riot of uncontrollable belly laughs. Once again, as with *Mogul* and *The Power Game* the ben-pecked, feeble suburban executive commencing daily on an amateurish back-projected train predictably crosswording with his cliché fellow passengers (not respectably, fellow travellers) is far too stereotyped, too obvious and too unrealistic to be really amusing.

There are, of course, straightforward explanations why television is not too good at reflecting business. In addition to our historic cultural distaste for trade, there is a widespread lack of knowledge and understanding of the considerable complexities of modern industry. Then, businessmen themselves tend to be secretive and as John Methven has pointed out, are particularly cautious in their dealings with the media, particularly television. Finally, businessmen probably watch television less than the majority of the population and so care less about its content than they do about their newspapers, which they read assiduously.

Not that businessmen should want or expect uncritical sympathy from the box. (They don't get it from the Press.) It's simply that, like the lepidopterists and lacrosse-lovers, they would dearly like to be understood and appreciated, a little more.

Mahagonny

by ELIZABETH FORBES



A scene from 'Mahagonny'

Having been baulked once from seeing the Komische Oper's new production of *Mahagonny*—I arrived in East Berlin to find the programme had been changed to *Piddler on the Roof*—I was all the more determined to discover what so. Film sequences, in particular the panic on the New York Stock Exchange that announces the

professor Herz's direction, at first relatively restrained, erupts after the hurricane threat has been lifted from the City into a frenetic celebration of pleasure and self-indulgence. The brothel scene and the rigged boxing-match are wholly successful; the fantasy ship rather less so. Film sequences, in particular the panic on the New York Stock Exchange that announces the

tor, Robert Hanell, chooses a stunningly attractive, unselfish liberate speeds for the early mental Jenny, who puts over her scenes, but by the night of the songs eloquently. Together they hurricane be 'has worked up' a turn the Cranes' duet into an pounding, hypnotic rhythm that enchanted, if fleeting moment, drives inexorably on to the con- But Maria Zahiten-Hall, though cluding catastrophe. Orchestral authoritative in speech and bearing playing is alert and precise—the ing as Begbick, does not com-on-stage, all-girl jazz band mand the vocal power needed for sounds especially authentic, this key role, while the female couples langu- Begbick's two side-kicks, ously tangoing on the catwalk. Trinity Moses (Gumher that surrounds the pit pinpoint Dressler) and Willi the Book- the Zeitgeist of the piece with keeper (Harald Neukirch) are similar accuracy. The male both excellent; so is Alaska Wolf chorus sings superbly with Joe (Herbert Kössler), but immaculate verbal clarity.

The Entertainment Guide is on Page 33

The show starts in the street outside, where a beat-up vintage Mercedes—presumably the car abandoned by the Widow Begbick and her accomplices—is the object of admiring attention. Upstairs in the foyer an exhibition of photographs, posters and advertisements of the 20s and 30s continues the theme: Josephine Baker and Dietrich rub shoulders with Shaw and, naturally, Brecht; Gable and Lombard face a dapper Hitler, clad in a boiler suit, and an even more dapper Chaplin, also wearing a boiler suit. Loud speakers relay show songs of the period.

Reinhard Zimmermann's designs for *Mahagonny* the "City of Nets," combine the opulence of Hollywood with the different sophisticated leanness of the docks the final bars. The lights Folies Bergères. Costumes, by Eleonore-Kleiber, are reminiscent of Max Issyov's Berlin— or should I say of Cabaret. Pro-

As a team the principals are uniformly stylish; individually one could wish for better singing in some of the roles. Elliot of Alberto Remedios and Donald Paly makes a strong-voiced Paul Melnyre in those roles at and convincingly plays the simple Sadler's Wells 14 years ago, woodcutter from Alaska without Willi Schwabe, silver-haired and false naïveté. Tamara Lund is urbane, is the narrator,

National Gallery exhibition

A Royal Subject, an exhibition The nucleus of the exhibition at the National Gallery of is four important portraits of portraits of Queen Charlotte Queen Charlotte, showing her (1744-1818), wife of George III, different through the eyes of Thomas takes as its theme, different through the eyes of Thomas solutions to the problem of the Gainsborough. (1727-88), Sir official portrait. It opens to the John Lawrence (1758-1836), public on August 11 and will Johann Zoffany (1733-1810) and continue until October 2, 1977. Allan Ramsay (1713-84).



Leonard Rossiter and Pauline Yates in 'The Fall and Rise of Reginald Perrin'

St. Augustine's Kilburn/Radio 3

Monteverdi Vespers

Once again a double Prom was shared between St. Augustine's Kilburn and the Round House on Monday night. Immediately after the performance of Monteverdi's Vespers, half of the audience which had crammed the church set off for the railway shed to hear Maxwell Davies's *St. Magnus*. St. Augustine's has a elegant interior, after dark mysteriously suggesting more pace and distance than can really be there—the lighting could be warmer and kinder without destroying this feeling of space. Music, even with Monteverdi's part-writing sending forth vocal and instrumental roots in every direction, is exceptionally clear—just enough resonance for bloom without confusion. Andrew Parrott, conducting

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Round House Prom/Radio 3

St. Magnus

The first performance last month of Peter Maxwell Davies's new chamber opera *The Martyrdom of St. Magnus* was described at length on this page by Max Loppert. It was presented then in St. Magnus's own cathedral, an imposing edifice of red and yellow sandstone that stands in Kirkwall, the capital of the Orkneys—by all accounts a magical setting, its narrow nave and massive Norman pillars, pale under a northern sky, austere and beautiful.

As an informal workshop venue for theatre and music, the Round House serves its purpose well; but as a concert-place it has no magic. I remember the impact of Jean-Claude Eloy's big electronic tape-piece *Shanti*, which I first heard at midnight by candlelight in the manservant's lobby of Sablonceaux near Royan, dispersed entirely among the railway rafters of the Round House. And no doubt something of the essence of Davies's miracle-play, too, was lost on its journey from the Orkney cathedral to London railway-shed. At its second performance on Monday night given by the original singers and players as a Round House Prom, and also broadcast live on Radio 3, it seemed a compelling but flawed

Bush
Rosie is an alcoholic prostitute recounting her sad life story to an invisible friend she has not seen for 20 years. As the location is switched successively from smart restaurant to less than smart bar to seedy railway tavern and finally to a car-ride on a bleak motorway, so the details of Rosie's decline become more graphically repulsive and unfortunate.

Her fantasy ambition was to be a violinist but her pigskin father set her to work on a catering course and a thankless job in hotel reception. Her relationships with men form a gruesome catalogue of sexual and emotional disaster, until a fat chef reduces her to a forlorn state of submissive humiliation and, finally, a smooth pimp despatches her to the streets. Now a victim of a fearful gang-bang, the noise of the traffic rises to an ecstatic crescendo while soiled images of all the

A FINANCIAL TIMES SURVEY

ON

ARAB CO-OPERATION AND DEVELOPMENT

is to be published on September 26 1977

An analysis of the relationships between Arab countries and their significance for the rest of the world will form a major part of the survey. The main headings of the proposed editorial synopsis are set out below.

INTRODUCTION	Measure of unity achieved since October war: co-ordination of policy towards Africa.
ARAB LEAGUE	Structure and politics: its agencies' development and their work on economic co-operation.
OIL WEALTH	Predominance of Arab producers within OPEC: the split-price decision and its effect on output.
OAPEC	Origins and purposes: progress of current projects: need for greater co-ordination in petrochemicals.
AID	Sums committed and disbursed by Arab oil producers: Arab Fund for Economic and Social Development: African aid.
ARAB MONETARY FUND	Use of oil producers' surpluses to finance deficits of other Arab countries: the Arab Dinar.
ARAB INVESTMENT	Activities of regionally orientated institutions in developing the Arab world: investment in other countries.
INTER-ARAB TRADE	An Arab Common Market and a customs union: industrial and agricultural inter-Arab trade.
TELECOMMUNICATIONS	Differing standards of facilities within Arab world: improvement of links between countries.

The proposed publication date is September 26 1977. Copy date is September 12 1977.

For further details of the synopsis and the advertising rates contact: Laurette L. Lecomte-Peacock, Assistant Overseas Manager, Middle East, Financial Times, Bracken House, 10 Cannon Street, London EC4A 3DF. Tel: 01-248 8000 Ext. 515. Telex: 885033 FTENG G.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Have your car made on page 27

ASTON MARTIN

Handwritten signature or mark at the bottom of the page.

EUROPEAN NEWS

Nine postpone decision on JET site to September

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

DR. DAVID OWEN, the British Foreign Secretary, today appealed to members of the JET design team employed at Culham research laboratory near Oxford not to leave their jobs for another two months, in the hope that the EEC would decide in the meantime where to site the thermo-nuclear fusion project.

BRUSSELS, July 26.

Repatriation plan for Angola refugees

Black and white refugees from Angola who fled to Portugal during the Angolan war of 1975 will soon be able to return to the former Portuguese colony, Reuter reports from Lisbon.

Polish dissidents hope for dialogue with authorities

BY CHRISTOPHER ROBINSON

WARSAW, July 26.

WORKERS DEFENCE Committee members, freed at the weekend under a national day of amnesty which ended investigations against them, said today they considered the move "an act of political realism by the authorities and proof that they do take into account the pressure of public opinion."

Nuclear tests discussions winding up

GENEVA, July 26.

U.S., SOVIET and British arms experts prepared Tuesday to wind up preliminary talks on banning all nuclear testing after finding sufficient common ground for substantive negotiations later in the year.

EEC adopts policy rejecting apartheid

BRUSSELS, July 26.

THE EUROPEAN Common Market today adopted a common policy rejecting apartheid and laying the basis for an economic boycott, possibly including an arms embargo against South Africa.

French kidnap arrests

Nine people have been arrested in connection with the kidnaping four months ago of St. Lucienne Revell-Beaumont, a Fiat France executive, and three quarters of the ransom paid for his release have been recovered from safe deposit boxes in Swiss banks, David Curry reports from Paris.

Bonn N-bomb split

CLEAR differences have emerged within the West German Government coalition parties over the so-called "neutron bomb" Jonathan Carr writes from Bonn.

Turner, Newall asbestos study

BY DAVID FISLOCK

PLANS TO intensify its research into substitutes for asbestos were announced by Turner and Newall yesterday.

Lebanon loan

Common Market Foreign Ministers yesterday agreed in principle to an EEC loan to help the reconstruction of Lebanon but did not fix the amount, Reuter quotes committee officials as saying.

Albania criticised

China last night officially denied reports suggesting that Albania was winding up Peking's aid programme in the Balkan state, Reuter reports from Peking.

W. German trial

The West German public prosecutor's office yesterday charged six alleged urban guerrillas with kidnaping a leading politician and murdering West Berlin's chief justice, Reuter reports from Karlsruhe.

Metin Munir writes from Ankara on prospects for the new coalition in Turkey

Expectations of a short life

TURKEY HAS rarely had a Government about which there have been more misgivings and less optimism than Prime Minister Suleyman Demirel's tripartite coalition which goes into office on Monday for a vote of confidence.

Confidence

The general hope—which turned out to be more wishful thinking—had been that Mr. Bulent Ecevit, chairman of the Social Democratic Republican Peoples Party (RPP), would form a strong Government.

Austerity

The most difficult and immediate problem facing Mr. Demirel will be to raise medium-term credits to finance Turkey's large trade deficit and debt repayment programme and boost the dangerously low foreign currency reserves.

Gibraltar talks in London

GIBRALTAR'S Chief Minister Sir Joshua Hassan, is having talks in London tomorrow with British Foreign Secretary David Owen as a prelude to Dr. Owen's meeting with his Spanish counterpart, Sr. Marcelino Oreja.

Mitterrand suggests nuclear referendum

By David Curry

PARIS, J

THE SOCIALIST leader Francois Mitterrand said today that a referendum on whether France should possess nuclear weapons would be a "general referendum on the future of the country."

Dutch drug price clash likely

BY MICHAEL VAN OS

AMSTERDAM, July 26.

THE SWISS pharmaceutical manufacturer Hoffman-La Roche, which the Dutch Economics Ministry last week ordered to cut its Valium and Librium tranquiliser prices for a two-year period, appears to be heading for a new clash with the authorities on the question of compensation for possible excess profits.

Options exchange seeks members

BY MARGARET REID

THE EUROPEAN Options Exchange, due to start trading in Amsterdam early next year, is inviting applications for membership from organisations and individuals.

Spanish protest at pay curbs

BY ROGER MATTHEWS

MADRID, July 26.

THE SPANISH trades unions have all rejected angrily Government plans to limit wage increases, announced at the weekend, as part of a package of economic measures.

Gibraltar talks in London

BY JOSEPH GARCIA

GIBRALTAR, July 26.

GIBRALTAR'S Chief Minister Sir Joshua Hassan, is having talks in London tomorrow with British Foreign Secretary David Owen as a prelude to Dr. Owen's meeting with his Spanish counterpart, Sr. Marcelino Oreja.

Irish job program 'on target'

By Our Own Correspondent

DUBLIN.

IRELAND'S employment programme, which 23,000 new jobs to be created annually for the next five years, is currently on target, the Industrial Development Authority's annual report published today says.

Advertisement for BSN-Gervais Danone. Includes logo, company name, and detailed financial report for 1976. Text includes: 'The Annual General Meeting of BSN-GERVAIS DANONE held on June 29, 1977 under the chairmanship of Mr. Antoine Riboud, Chairman and Managing Director approved the accounts for the financial year 1976. It was also decided to distribute a dividend of Frs. 25.20 per share making a total revenue of Frs. 37.80 including the tax credit.'

YC debt restructuring boost for Mayor Beame

ART FLEMING

NEW YORK, July 1.

Mayor Beame's campaign has been doubted about whether he received a boost from Labour's support. These doubts have not yet been removed, but they are being steadily eroded.

The New York debt restructuring is the longest term, of \$2.5bn. of the potentially great significance for the city.

Banks and municipal employee pension funds have agreed to change short-term city and Municipal Assistance Corporation debt of some \$2.5bn. into long-term securities in return for which they will get some increase in the rate of interest they receive.

In addition, the new securities they obtain will not be New York City debt, but the Assistance Corporation, the special agency set up to deal with the city's fiscal crisis.

The bulk of the refinancing comes from a swap of \$1.7bn. of bonds with a 7 per cent MAC rate of interest due to mature between 1975-1985, for MAC bonds with a 7.5 per cent rate of interest maturing between 1986 and 1995.

The agreement will reduce the immediate annual debt service of the city—which would have been hard pressed to meet imminent redemptions—in return for a higher debt service cost

over a longer period. However, the restructuring is expected to clear the way for New York City to re-enter the public debt market later this year for the first time since the fiscal crisis.

The only remaining obstacle to re-entry is a further \$819m. of debt, the last of the \$8bn. of debt outstanding since the spring of 1975 which needs to be refinanced.

However, the terms on which the bank and pension funds financing are seen as critical to the bankers and could spark off another political storm in the city.

The Mayor will be hoping that this will not happen before the Democratic primary and he will probably get his wish in the meantime, he will be able to present the refinancing agreement as another victory for his leadership and can claim he is slowly but steadily bringing New York out of the crisis which his predecessors, especially Mayor John Lindsay left him.

The Mayor's opponents, however, are expected to concentrate their fire on the sharp increase in debt service costs over a longer period resulting from the higher interest rate having to be conceded on the longer term debt.

Center welcomes Andreotti

MARTIN, U.S. EDITOR

WASHINGTON, July 26.

Jimmy Carter discussions, the latest in the bed his customary ever-growing round of consultations with Mr. Carter and Andreotti, the Italian foreign minister, at the start of talks between the two men.

The U.S. administration has come to admire Sig. Andreotti's considerable tenacity in retaining power and bringing what is seen here as a certain degree of stability to Italian affairs.

But this administration does not have the ideological problem with Eurocommunism with which past U.S. Governments have been consumed. It is, in this context,

perhaps significant that only last week the State Department finally acceded to a long-standing request that the Italian Communist Party newspaper *Unita* be permitted to base a correspondent here in Washington.

For his part, Sig. Andreotti has paved the way with interviews with U.S. publications in which he has sought to describe the role of the Italian Communist Party in the Italian context. Asked by the conservative magazine *U.S. News and World Report* if the U.S. should do everything in its power to prevent the accession to government of the Communist Party in Italy, he replied that Italy was "a free and sovereign nation, with the ultimate responsibility for the make-up of its government resting with the Italian people themselves."

He maintained that there was no "objective evidence" available to bolster the contention that Italian Communists represented a threat to NATO, and argued that, although he had some "worries" based on the imposition of "Stalinism" on other countries, he personally thought Italian Communist Party leaders were "sincere" in their commitment to democracy.

The talks here will embrace a wide range of subjects, including international and domestic economics, energy, the Middle East, Africa and NATO.

gration passed

ADIAN House of

OTTAWA, July 26. ADIAN House of Commons passed through two bills to secure itself than expected mid-day, giving final Monday to an over-immigration Act and inversion Bill.

The two bills break for MPs until they have been passed on plans for a pipeline from the north until October 19.

Canada air strike threat

By Victor Mackie

OTTAWA, July 26. AN ESTIMATED \$300 million Canadian government's offer to the country's air traffic controllers from the union demand as voting started yesterday on a union request for a strike mandate, according to Mr. Jim Livingstone, president of the Canadian Air Traffic Control Association.

Ballot boxes will not be opened until mid-night on Thursday night, and results will be announced on Friday.

The air traffic controllers are legally entitled to strike seven days after a conciliation report is released. The conciliation report was made public last Tuesday.

Alaska pipeline insulation damaged

A four-inch thick sheet of insulation was damaged on the trans-Alaskan pipeline, either by a small explosion or a bolt of lightning, it was revealed yesterday. UPI reports from Fairbanks, Alaska. Oil flow was not interrupted in the \$900-million system because the steel pipe itself was not harmed, according to officials of the Alyeska Pipeline Service Company.

Alaskan state troopers arrived at the scene 18 miles north of Fairbanks a few minutes before midnight and relayed word that an explosive device might have been set off near the pipeline. "They (state police) told us it was either an explosive device or lightning," said Alyeska spokesman Larry Carpenter. "We've had thunderstorms up here for about a week. It could have been an explosion. I don't think anybody knows."

St. Lucia refinery

Work is to begin soon in Castries, St. Lucia, on a \$135m. oil refinery being constructed by the U.S. Hesse oil corporation. The refinery is being built on a 100-acre site near the town of Bridgetown. Mr. John Compton, the Premier of St. Lucia, has called the deal "one of the most important investments that has ever been made" in the island, a British Associated Press reporter said. The refinery is expected to be completed by next year. Mr. Compton said that the company is aiming for a production of about 230,000 barrels a day and is expected to cost \$25m. annually in tax revenue to the Government—between 15 and 20 per cent of its annual recurrent revenue. During the peak of construction, some 3,000 workers will be employed on the site with about 1,000 employed in the operation of the refinery itself when completed. The project is expected to take three years to complete.

Venezuela exchange

The Central Bank of Venezuela, responding to local concern over the value of the country's monetary unit vis-à-vis the U.S. dollar, has said that it is neither "necessary nor desirable" to alter the state mining corporation formed from the nationalised holdings of the U.S. Carro Corporation, stopped work.

The Centromin workers, whose leaders are described as Maoists, refused to back the general strike of last Tuesday called by the

GRIM PICTURE OF CLIMATIC HAZARDS

Coal power also a risk, says report

BY DAVID BELL

WASHINGTON, July 26.

A GRIM picture of the possible consequences of over-reliance on coal as a primary energy source in the next 200 years is painted in a report issued here this week by the National Academy of Sciences.

Though conceding that predictions made on the basis of current trends are unreliable and must be heavily qualified, the report's authors say that the long-term consequences of the increase in the amount of carbon dioxide in the atmosphere are profound. By the end of this century they expect that there will be 25 per cent more carbon dioxide in the atmosphere than there was before the industrial revolution.

The report calls on the U.S. government to propose an international research effort to improve monitoring of the impact of increased use of coal, and to find new ways to substitute other fuels in the next 50 years.

According to the authors of the report—the product of 2½ years study—the essence of the danger posed by coal is that the carbon dioxide that it gives off will remain in the upper atmosphere preventing the heat given off by the earth from radiating into space. Over the next 200 years this could mean an increase in the world's temperature of as much as 11°F which could have catastrophic effects on climate, food production and the level of life.

Dr. Roger R. Rees, head of the Centre for Population Studies at Harvard University and one of the authors of the report, conceded at a news conference that the sea by about 18 feet, and could adversely affect marine life which would be starved of nutrients which would be prevented from floating to the surface by ever warmer surface temperatures in the sea.

The report also notes that a major cause of the increase of carbon dioxide in the atmosphere has been the progressive clearing of more and more land. Dr. Revelle argues that this has released some 700 billion tons of carbon into the atmosphere since the Industrial Revolution. He said that one acre of tropical forest removes 100 tons of carbon from the atmosphere and when this land is cleared the carbon returns to the air either through decay or through burning.

Peru likely to ease austerity plan

BY HUGH O'SHAUGHNESSY

THE MILITARY Government of Gen. Francisco Morales Bermudez in Peru is expected to cancel many of the austerity measures which were recently decreed to counter the balance of payments crisis, and which have provoked the intense hostility of organised labour.

Gen. Alcibiades Sienzo, the Economy Minister, is thought to be preparing a statement for next week which will revoke some of the price increases and reductions of subsidies of staple items.

For the second Tuesday running, the government yesterday faced a massive challenge from unions as about 40 per cent of the 10,000 men of Centromin, the state mining corporation formed from the nationalised holdings of the U.S. Carro Corporation, stopped work.

The Centromin workers, whose leaders are described as Maoists, refused to back the general strike of last Tuesday called by the

orthodox communist and Christian Democratic unions. The IMF at a critical moment for Peru must indicate great opposition by all shades of union to the striking unions or their introduction a month ago by Sr. Lima of the CGTP trade union leader, the immediate predecessor at the Economy Ministry to Gen. Sienzo.

The Morales Government appears to be having second thoughts about the austerity package, which was originally introduced in an effort to get stoppages.

Space shuttle test flight

EDWARDS AIR FORCE BASE, CALIFORNIA, July 26.

THE SHUTTLE-orbiter Enterprise, the proposed backbone of 1980s earth-space commuting, made its last captive flight today, a 60-minute rehearsal for next month when it will be blasted loose from its mother ship for a powerless glide landing.

Bolted to the top of a Boeing 747 and with two men aboard, the wide-bodied delta-wing space vehicle took off from the test centre at 7:47 a.m. and landed one hour later. Just before Enterprise landed, the Houston Control Centre told the crew: "The pattern looks super."

Minutes into the flight, the shuttle crew shut down an auxiliary power unit because of a high temperature reading, but it turned out to be only a sensor failure. The aircraft went through the usual test phases, including a separation dive downward from about 28,000 feet to simulate the August 13 pre-free flight manoeuvre. UPI

Lance predicts 6% inflation rate

WASHINGTON, July 26.

MR. BERT LANCE, director of the Office of Management and Budget said today that the U.S. inflation rate will be around 6 per cent in 1978, but pointing downward.

In testimony to the Joint Congressional Economic Committee, Agencies

A-U.S. RELATIONS

Burnham mends his bridges

BY OUR GEORGETOWN CORRESPONDENT

THIS after Prime Minister Burnham of the 1968 and 1973 general elections. Little doubt that he is behind the scenes in the Cuban exile anti-Castro activities, and the Cuban exiles began a series of terrorist attacks against selected targets in the Caribbean. They blew up the Guyana consulate in

Trinidad and allegedly sabotaged a Cuban airliner off Barbados last October, leading to the exchange of abuse between Mr. Burnham and the State Department.

However, the election of Mr. Jimmy Carter as U.S. President provided an opportunity for mending of the fences, not only in Guyana but also in Jamaica—also experiencing stormy relations with the U.S.—and Cuba. Behind-the-scenes efforts to restore what Georgetown termed "civilised" relations are now evidently bearing fruit.

The strongest public indication of this came with a visit six weeks ago by the U.S. Under-Secretary of State for Political Affairs, Mr. Philip C. Habib, who was returning home from the OAS meeting in Grenada. He stopped off for two days in Georgetown for talks with Mr. Burnham.

Mr. Habib presided over the cancellation seven years prematurely of a 17-year agreement under which Guyana had agreed to allow the U.S. to use the country's international airport for military purposes. This agreement, successor to a series that

existed between the U.S. and Britain when Guyana was a colony, had been a sore point with nationalists and the Left generally.

Mr. Habib went on to say that, far as the Carter administration was concerned, human rights were not a problem in Guyana. The opposition are still issuing statements rejecting that conclusion, pointing to persons being held for unusually long periods in prison, awaiting trial and what they say are election irregularities and discrimination.

Shortly after that, the U.S. Assistant Secretary of State for Inter-American Affairs, Mr. Terence Todman, told the House of Representatives sub-committee on Inter-American Affairs, that the Caribbean has a wide range of serious difficulties, including economic, political and strategic interests, and the U.S. should respond with attention and resources urgently.

Guyana, he said, was seeking a different path to social and economic development, one with which we have no quarrel and which we have no need to fear. Despite its different political philosophy, and our differences of the past, Guyana looks to us for understanding and co-operation.

By co-operating with Guyana we can emphasise once again our readiness to respect different ways of political and social development.

The new assurance of U.S. goodwill came from the charge d'affaires in the embassy in Georgetown, Mr. John D. Blacken, who, in moving a July 4 toast to relations between the two countries, said: "I can say that the United States looks forward to friendly co-operation with Guyana in mutual respect and understanding. You will find that we will seek to be supportive of Guyana's development aspirations without becoming interventionist or intrusive."

A week later, the State Department announced the nomination of Mr. John R. Burke, a 53-year-old career diplomat, to the year-long vacant ambassadorial post here.

Guyana's most urgent need, at present, however, is substantial assistance for its troubled economy. There are reports, not officially confirmed, that the country has asked Trinidad and Tobago for \$23m.

because reserves will be dangerously low by the end of August.

It seems evident that the socialist bloc is not yet disposed to provide the kind of large-scale assistance which the country needs not only for its budget but also for important development works. China has provided two loans over the past five years, totalling \$17m. to finance a cotton textile mill and a 200-bed hospital, but further aid from this source in the near future is highly unlikely.

The Russians have only just concluded a general co-operation agreement which, it is believed, will pave the way for specific forms of assistance.

Knowledgeable sources feel that the Russians are driving a hard bargain for their aid, including most likely a demand for the pro-Moscow PPP be given a share in government. This Soviet sources deny.

The normalisation of relations between Georgetown and Washington has provided a boost at a time when Guyana no doubt is looking very hopefully to the Americans for economic assistance. The comments of Mr. Todman to the House sub-committee suggest that it is unlikely that there will be any positive response before a "rational policy" is worked out by the State Department for the Caribbean, which should be done within a few months. It will not be surprising, however, if the Americans throw their weight behind an urgent request to the IMF for assistance to Guyana.

It is also taking place against a background of slightly shifting domestic politics, with relations cooling off between Mr. Burnham's People's National Congress (PNC) and the PPP, led by ex-Premier Dr. Cheddi Jagan. Talks started two years ago for a form of national front government have apparently been broken off, with the two parties blaming each other to the Press.

This is a far cry from the situation a year ago when Dr. Jagan offered "critical support" to Mr. Burnham. Dr. Jagan now states that the ruling party is about to move back right and is planning to re-open the economy to foreign capital.

Elections are due to come up within a year and no doubt that, charge, and the state of the economy in general, will be main platform issues in the campaign.

Mr. Burnham became the Minister in December of a coalition of National Congress Party and People's Progressive Party, amid reports responses from the

is between Guyana and the U.S. in the decade when Mr. Burnham led the anti-mining sub-minimum Company (LCAN) in the first of nationalisations which led to the takeover of the mining industry from foreign

me time, Guyana became a member of the Commonwealth and the hemispheric relations against Cuba, also experiencing stormy relations with the U.S.—and Cuba. Behind-the-scenes efforts to restore what Georgetown termed "civilised" relations are now evidently bearing fruit.

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A note to Employers.

The YES scheme still offers you £10 a week, for taking on an unemployed young person.

The Youth Employment Subsidy was introduced to help employers provide more job opportunities for young people under 20 who have been unemployed for 6 months or more. The scheme has now been extended until 31 March 1978.

This subsidy is available to all employers in the private sector of industry and commerce, as well as the nationalised industries throughout Great Britain. (Northern Ireland has a separate subsidy scheme).

The subsidy amounts to £10 a week for each young person employed and is payable to the employer during the first 26 weeks of employment. Before you can claim it, you must satisfy the following conditions:

1. The unemployed young person you recruit must start work on or before 31 March 1978.
2. They must have been under 20 years of age on 1 September 1977 and have been unemployed and registered for work at a Careers Office, Employment Office or Jobcentre for a continuous period of at least 6 months at the time you employ them. (Where the employment starts on or before 31 August 1977, the Youth Employment Subsidy is available for young people who were under 20 years of age on 1 October 1976).
3. The work you offer must fill a genuine vacancy in normal full-time employment.

If you have already claimed, or are receiving, Temporary Employment Subsidy or a Premium Grant, Recruitment Grant or Adoption Grant for any young person, you cannot also claim Youth Employment Subsidy for the same employee.

For further information and an application form, contact your local Careers Office, Employment Office or Jobcentre.

YOUTH EMPLOYMENT SUBSIDY

Department of Employment DE

OVERSEAS NEWS

Israel backs more Jewish settlements on West Bank

BY DAVID LENNON

ISRAELI government which was recognised to three Jewish settlements on the occupied West Bank of Jordan. These had been set up in recent years without the approval of the U.S. opposition. Mr. Begin's government has now decided to establish settlements in the occupied territories despite U.S. opposition.

Histadrut avoids conflict

BY L. DANIEL

AN EARLY collision between the Begin Government and the Labour-dominated Labour Federation, the Histadrut, has been averted.

Last Sunday, Mr. Simah Ehrlich, the Finance Minister, met the Histadrut Secretary-General, who has been publicly demanding immediate compensation for the 25 per cent price rises announced ten days ago. These rises affect a wide range of Government subsidies on all basic foodstuffs and their derivatives. The Finance Minister said he would like to pay compensation but this would mean cutting the inflationary aim of the subsidy cuts. His views appear to have been accepted by the Histadrut, which has as much interest as the government in reducing Israel's rampant inflation which reached 85 per cent last year. It was therefore agreed to set

up a joint committee to determine how much of the recent increases will be reflected by the cost-of-living A increment payable on October 1. Mr. Secretary-General may have moderated his stance after seeing the population as a whole accepting the sharp rises with philosophical resignation. Most people realise that a Labour Government would also have had to curb the ever rising outlay on subsidies and that if the subsidies had remained at their previous levels, the Government would either have had to impose new taxes to increase VAT sharply from the present 8 per cent or cut the Finance Minister's budget even further. So far, the country has been hit only by the first wave of direct increases, and not yet by the higher input costs of many Israel's rampant inflation which reached 85 per cent last year. It was therefore agreed to set

U.S. to pull 6,000 men out of Korea by 1979

TEL AVIV, July 26

Menachem Begin, the Prime Minister, this morning denied reports that Israel had agreed with Washington to suspend the programme to establish new Jewish villages on the West Bank until the Geneva peace conference on the Middle East is reconvened.

According to the plans of the previous Labour government, 100 new settlements were to be set up on the West Bank in the coming year. Mr. Begin's government is in favour of intensifying this plan. However, it is known that there are objective difficulties over financing and manpower for more extensive settlement. Mr. Begin today met Agriculture Minister Ariel Sharon, who is responsible for settlements. After the meeting, Mr. Sharon said that he knew of no plan to restrict settlement. The three recognised settlements are Alon Moreh at Kaddum near Nablus, Ofra beside Ramallah, and Ma'ale Adumim on the road between Jerusalem and Jericho. The decision, taken by the Governmental Jewish Agency Settlement Committee, means that these three formerly unauthorised settlements will now receive all the financial assistance granted to villages set up by the Government.

U.S. to pull 6,000 men out of Korea by 1979

By Charles Smith

TOKYO, July 26. THE U.S. WILL WITHDRAW 6,000 Korean troops from South Korea by the end of 1978 as the first stage in a four-year programme for the withdrawal of all U.S. troops from Korea.

This was formally announced in Seoul today in a U.S.-Korean communiqué issued at the end of two days of "regular" defence talks between the U.S. Defence Secretary, Mr. Harold Brown, and the South Korean Minister of Defence, Mr. Suh Jong-chul. The first stage of the withdrawal plan includes 4,000 combat troops (or one brigade) of the U.S. second-infantry division, which is stationed close to the demilitarised zone immediately north of Seoul. The remaining two brigades of the second division are to stay in Korea until the final stage of the withdrawal programme. An interim withdrawal stage to be carried out around 1980 will involve mainly support troops. The U.S. air force contingent in Korea, which now numbers around 7,000 men and 60 Phantoms, is not being cut back until withdrawal of ground troops gets under way. U.S. officials in Seoul say American air strength in the peninsula might be stepped up by 20 per cent. Other moves to cushion the effect of the withdrawals will include increased U.S. arms sales to South Korea (although no exact figure was available today for the amount of credits available to back such sales) and the free transfer of much of the equipment now used by American ground forces to their Korean opposite numbers. American responsibility for the security of Korea is being re-emphasised by the operation of a new joint U.S.-Korean command structure which will be set up by an American general with a Korean general second in command. These measures are all designed to give credibility to the U.S. undertaking, (also contained in the communiqué) to extend "promotional and logistic support" to South Korea in case of an invasion from the north. The wording of the communiqué suggests that the steps being taken to cushion the effects suggest that the U.S. is trying to bring the fulfilment of its pledge to troop withdrawal with the least possible disturbance of the existing defence balance in the Korean peninsula. The Americans evidently do not expect to win any points for that matter from the Russians or Chinese. On the other hand, President Carter does seem to be working on the assumption that neither Moscow nor Peking would welcome any disturbance of the Korean status quo. The withdrawal decision has been calmly received in South Korea (where a programme of self-sufficiency in conventional arms production by 1980 is now well under way). In Japan comment has been mixed, particularly for the most part to reactions of the former line that troop withdrawal is a bilateral issue between the U.S. and Korea. Despite its reluctance to express an opinion, however, Japan, as the British Foreign Secretary, and Mr. Cyrus Vance, the U.S. Secretary of State, at which it was decided that the two countries should formulate specific proposals on Rhodesia to be put to all the parties concerned. The proposals are expected to be filed when Mr. Vance visits London around August 11 or 12 after his tour of the Middle East. The most difficult question to be tackled by the Anglo-American team is who should control Rhodesian law and order during the transition to majority rule. Meanwhile, Mr. Joshua Nkomo, co-leader of the Patriotic Front, is expected in London today and may meet Dr. Owen to discuss the U.K.-U.S. initiative and the new situation created by the decision of Mr. Ian Smith, the Rhodesian Prime Minister, to hold a general election next month in preparation for internal settlement negotiations.

WORLD TRADE NEWS

U.S. TRUCKS MARKET

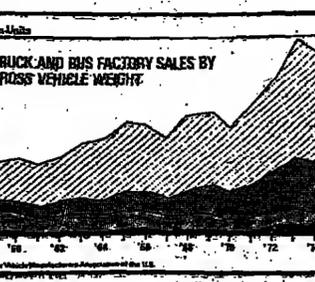
A passion for pick-ups

BY TERRY DODSWORTH

THE U.S. motor industry seems to have recovered this year from the attack of nerves which overtook it during the oil crisis. Registrations are up for all the big domestic producers, imports are buoyant and in many sectors demand is pushing against supply for the first time in four years. Unless there is a major upset in the next six months, production will be only a few points short of the annual miracle of 1973, when the car manufacturers made a record 9.7m. vehicles.

But the most intriguing success story of the year lies undoubtedly in trucks. This year the North American producers (Ford, U.S. and Chrysler factories combined) will make and sell a record number of commercial vehicles—about 3.7m. If this forecast is borne out, it will be achieved if it will be about twice as many commercial vehicles as European manufacturers produce and some 1m. more than the Japanese. A great deal of this growth, as well as much of the expansion in the last ten years, has been achieved by a vehicle which is not highly rated in Europe—the pickup truck. The extra popularity of the pickup is a phenomenon which, at the moment, seems peculiar to America, but which could in time spill over to European markets, as well as American markets. It is found that their pickups—designed specially on a truck chassis rather than derived from a basic car module—are pleasant to drive in an era of tight speed restrictions. Visibility is better than in a car, safety is probably superior as well, and 50 per cent in their own have the virtues of automatic gear changes, so they are no more

difficult to drive than the average American car. Pickups derive their basic popularity in the U.S. from the big leisure boom of the last decade. On the California coast they became synonymous with the surfing cult—relatively cheap, non-possessive vehicles, travelling homes, and a student's pocket, and providing a useful space to carry wet suits and surfing boards. But, designed principally for short-haul urban distribution, they combine similar carrying capacities to the added protection of a roof over the rear end. Students turn them into vehicles for the last day including cabs. Many are faced with the contra decline in the rate of export in car sales, argue that a deal of the natural development of the car manufacturers is fact, been deflected into trucks. The American manufacturer are certainly aware that a market sector which is not to be ignored, and they are active in the General Motors area of Japan a few years ago to about 30 per cent of light sales, while Chrysler abandoned its heavy truck division a few years ago, has a great deal of growth in area. American Motors' action of 1976 a few years ago, also given the smallest of U.S. manufacturers a strong representation in this field—as providing it with a buffer against its recent fall in the car market. It is expected that the American manufacturers will undoubtedly to export this trend in the commercial vehicle market to when they see that the time is ripe. There are a few reasons for this. The young generation to customise the pedal panel van. But, with the limitation of the present bias of youth unemployment, a slow rate of growth, most manufacturers reckon that it will not be until the late 1980s that the American export market in Europe.



From California, the craze has spread to other parts of the U.S., and is influenced by the need for more traditional motor homes and relatively rugged cross-country transport. In ranching country, for instance, it is the standard means of mobility. But in the second vehicle, a workhorse for the small businessman, or an alternative to the car for holiday week-ends in the country. The expansion of the panel van, against 101,000 in 1970, and probably superior as well, and 50 per cent in their own have the virtues of automatic gear changes, so they are no more

With the market for four-wheel drive vehicles and the need for more traditional motor homes and relatively rugged cross-country transport, the market has taken off this year. Virtually all the growth in American commercial vehicles during the 1970s has come in this sector. The heavy truck market has remained almost static. Sales of 14,400 vehicles last year, against 101,000 in 1970, and probably superior as well, and 50 per cent in their own have the virtues of automatic gear changes, so they are no more

Egypt-Libya mediation goes on

BY OUR FOREIGN STAFF

THE CEASEFIRE in the week-long border war between Egypt and Libya appeared to be holding yesterday as mediators continued their work. President Sadat announced on Sunday that Egyptian forces are reported to be on full alert along the border, and although Libya has yet to announce an agreement to the ceasefire, no military commitments have been issued by either side since. Informed sources in Cairo said yesterday Libya was delaying in order to study an Egyptian demand that sophisticated Soviet equipment near the common frontier be pulled back to quarters. Mr. Al-Ahram, yesterday described how Egyptian bombers destroyed a Soviet radar station at the air base of El-Adem, near Tobruk last Friday. "The Egyptian armed forces head quarters" has full information on all Soviet radar stations and bases in Libya and it was also aware that Libya

gave the Soviets full authority to move freely inside Libya." In the first reaction from the communist bloc, Sn Isidoro Malmiera Peñal, the Cuban Foreign Minister, urged the Egyptian diplomatic representative in Havana on Monday and asked him to inform Cairo of the Cuban Government's "anxiety" over the Egyptian-Libyan frontier situation, the official Soviet News Agency Tass reported from Havana yesterday. "The Cuban Government hopes that the Egyptian Government, realising how serious are the consequences of its actions, will put an end to them and will accept proposals by Arab countries for the settlement of the conflict," Tass quoted a foreign Ministry spokesman. Mr. Yasser Arafat, the Palesinian leader said yesterday that the Egyptian efforts had stopped the fighting between Libyan and Egyptian forces. President Houari Boumediene of Algeria, who has been talking

PLO curbs Lebanon guerillas

BY IHSAN HIJAZI

THE MILITARY command of the Palestine Liberation Organisation (PLO) has issued strong instructions to its guerillas not to circulate with their arms and uniforms outside the camps. It was announced. The move is regarded as the start of the implementation of a new accord between the PLO and the Lebanese government under Syrian supervision. The agreement which was reached yesterday after meetings of Lebanese, Syrian and Palestinian representatives in Sbtoura—set out to defuse the tense situation near the border area with Israel and restrict the Palestinians to their 14 camps in this country. Officially, the accord is to go into effect on Saturday, but a special security committee of the PLO held an emergency meeting last night to endorse the Palestinian commitments. Mr. Salah Khalaf, better known as Abu Iyad, who headed

the Palestinian team at the talks, emphasised that the Palestinians have reopened all roads southern Lebanon and removed the mines there. The commanders also continued to uphold the unilateral ceasefire which they announced there a few days ago, he said. Under the agreement, the commands are to pull back by about nine miles from the Israeli border and their positions are to be taken over by a reconstituted core of the Lebanese army. As to when this will take place, depends on how soon the Lebanese army command can arrange it, according to Mr. Khalaf. Informed sources said that the new accord has been made possible by virtue of a new working relationship between the main guerilla group, Al Fatah, and President Hafez Assad's regime in Syria. The co-operation has led to Al Fatah's assenting to Syrian troops

U.K. envoy goes to Washington over Rhodesia

BY JOHN DICKSON

MR. JOHN GRAHAM, Deputy Under-Secretary at the Foreign Office, is expected to fly to Washington today to discuss specific details of the new proposals for a Rhodesian settlement which Britain and the U.S. are jointly drawing up. Mr. Graham led two recent Anglo-American negotiating missions to southern Africa and attended last week-end's meeting in Washington between Dr. David Owen, the British Foreign Secretary, and Mr. Cyrus Vance, the U.S. Secretary of State, at which it was decided that the two countries should formulate specific proposals on Rhodesia to be put to all the parties concerned. The proposals are expected to be filed when Mr. Vance visits London around August 11 or 12 after his tour of the Middle East. The most difficult question to be tackled by the Anglo-American team is who should control Rhodesian law and order during the transition to majority rule. Meanwhile, Mr. Joshua Nkomo, co-leader of the Patriotic Front, is expected in London today and may meet Dr. Owen to discuss the U.K.-U.S. initiative and the new situation created by the decision of Mr. Ian Smith, the Rhodesian Prime Minister, to hold a general election next month in preparation for internal settlement negotiations.

Saudi Arabia steps up project loans to Oman

BY BARBARA CASASSINI

THE SAUDI Arabian Government and its Development Fund are to grant project loans totalling \$40m. to Oman for the construction of 135 km. of roads, together with 16 administrative and social centres in Oman's southern region of Dhofar, as a result of a series of agreements signed in Saudi Arabia by Mohammed bin Abdul Aziz, Saudi Under-Secretary, and the fund's deputy chairman, Dr. Mahsoon Ghalib. The centres, also financed by Saudi Riyals, \$1m. grant from Kuwait, with a total of Saudi Riyals \$2.95m. This will be crucial for it helps the Sultanate balance its budget, as well as maintain or even increase the level of capital spending. There had been fears that allocations to civil development would suffer as a result of the forecast decline in oil production. The situation in Oman, however, is different. The Sultanate's economy is growing, and because of defence, even though the war with the rebels in Dhofar has been ended, still accounts for nearly 50 per cent of the budget. On May 18 the Financial Times reported that Saudi Arabia would trade Saudi Riyals \$35m. had led to the development of Dhofar. The funds have already arrived in the Sultanate, but have been frozen pending signature of the agreement. Sir William Baker and the inflow of funds from Saudi Arabia has revived speculation on whether Oman will grant a trade corridor to the Kingdom, a seawater pipeline for a crude oil pipeline from the

Leyland sales boos in Europe

BY TERRY DODSWORTH

BRITISH Leyland's expanded its sales in Continental Europe had an encouraging response during the six months in the three markets of Germany, France and Italy. The Leyland report company's future as the target for the imm future, and in German sales network has under an overhaul after Leyland's local distributor, this has had the effect of being able to meet 15 per cent in Germany, is acknowledged as the difficult market of a Europe for importers. In France sales are up 10 per cent, and in Italy 10 per cent. Overall, however, Leyland's registration increased by only 4 per cent despite a slight increase overall market. The Leyland's share of the market remained at 2 per cent. Sales of all models is \$7,400 compared with \$5,300 in January 1976, with a biggest impact with rears of 39,977 units, a rise of 99 per cent. Most of the gain was by larger exports of Leyland's medium size. But the big disappointment Europe remains the supplies of January and February, for which there is no ready sale.

U.S. warning on protectionism

BY OUR FOREIGN STAFF

THE U.S. dollar may fall even faster if protectionist schemes for handle the problem. Mr. Well further on foreign exchange markets, reflecting the action of natural market forces. Mr. Frank Well, the U.S. Assistant Secretary for Commerce, said in London yesterday. "The natural market mechanism will work its will and I am not sure it is entirely finished doing that," he said. Mr. Well issued a warning against "new and subtle" forms of trade protectionism. These included Government-sponsored

White S. Africa miners' pay rise

BY QUENTIN PEEL

A WAGE agreement awarding an increase of R25 (£18.70) a month to 21,000 white miners and artisans in South Africa has set a precedent for the rest of the country's mining industry and for other sectors. Trade union leaders claimed today. The settlement was reached yesterday between the Chamber of Mines and the seven-member Council of Mining Unions, after a series of meetings under a conciliation Board, ending a three-month-old dispute between management and workers. The deal is expected to cost the coal and gold mining industries (the only two immediately affected) an estimated R23m. (£12.2m.) in the coming year. It gives an average age increase of about 5 per cent to miners and workers affected, and will come into effect from August. However, the agreement is also expected to give the lead to the industry's 440,000 black miners, who had been told earlier that consideration of their pay had been deferred. A Chamber of Mines spokesman confirmed today that this was now "under consideration" again. Whether the black workers can hope for any narrowing of their wage gap behind the white workers is more doubtful. The union's deal is almost certain to be quoted by trade unions in other industries, most immediately the engineering workers, who are currently in dispute with their employers' organisation. Although it is still modest, it cuts across the Government's apparent intention to hold down all wage increases in the current year. Mr. Ben Nicholson, leader of

Black pupils protest spreads

BY OUR OWN CORRESPONDENT

POLICE used teargas today to break up crowds of black school students who walked out of their classes in the Johannesburg township of Alexandra to join the spreading protest against the system of Bantu education. A school for Coloured (mixed race) children was reported to have been extensively damaged when its pupils refused to take part in the protest. In the Pretoria black township of Ateridgeville, a school boycott by more than 30,000 students at 29 schools entered a second day. However, it is still uncertain how long the students plan to stay away, with some insisting that they will not return until Bantu education has been scrapped, while other reports said it was a three-day protest.

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BY JOHN DICKSON

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U.K. drug exports up

BY DAVID FREUD

EXPORTS BY pharmaceuticals industry in 1976 rose 22 per cent to £52.5m. according to the Association of the Pharmaceutical Industry annual report. Although imports increased sharply to £13.5m. in 1976, the ratio of exports to imports was 3.2 to 1. Mr. Michael Pezet, the President of the Association, said that changes during the year had created a new era of investment. The provisions in Sect. 1 of the 1949 Patents Act, compulsory licensing had been repealed, and Mr. Pezet would acknowledge the climate by improving investment and exports. It is into the industry accepted tighter copyright advertisements and representations for medicinal products. Mr. Pezet said the industry had been invited by the Ministry of Health to fund new investment in research, and time to make a major contribution to the nation's health.

Japan, Boeing to resume talks

TOKYO, July 26

THE JAPANESE Civil Transport Development Corporation and the U.S. Boeing Company will resume negotiations soon on the joint development of a medium-range jetliner, expected to cost \$1.1bn. to develop, according to the International Trade and Industry Ministry. The talks were suspended last September but will be resumed following a Boeing survey indicating a promising market for such an aircraft, the Ministry said. Boeing is understood to be negotiating with Aeritalia of Italy on the same project, it added. Boeing is expected to bear 60 per cent of the development costs of the jet, with the remainder equally shared between the Japanese corporation and Aeritalia, it said. Michael Donne writes: The resumption of negotiations between Boeing and Japan on a new medium-range jetliner is a long series of efforts by the Japanese to get back into the

Burma Communist effort

BY OUR OWN CORRESPONDENT

PRO-Peking Burma Communist Party (BCP) insurgents have stepped up their activities over the last five months in the mountainous frontier regions of the Shan State in eastern Burma near the Sino-Burma border. Official reports put their strength at close to 2,200 men spread over various fronts. By mid-June, however, they were reported as having suffered reverses, with Government troops pushing them back towards the border. They are said to have suffered more than 500 killed and two captured. Government troops, whose strength was not disclosed, suffered 130 killed and 142 wounded in a total of 83 encounters with the Communists. The latest flare-up of fighting

Assurance on imports

TOKYO, July 26

THE JAPANESE Civil Transport Development Corporation and the U.S. Boeing Company will resume negotiations soon on the joint development of a medium-range jetliner, expected to cost \$1.1bn. to develop, according to the International Trade and Industry Ministry. The talks were suspended last September but will be resumed following a Boeing survey indicating a promising market for such an aircraft, the Ministry said. Boeing is understood to be negotiating with Aeritalia of Italy on the same project, it added. Boeing is expected to bear 60 per cent of the development costs of the jet, with the remainder equally shared between the Japanese corporation and Aeritalia, it said. Michael Donne writes: The resumption of negotiations between Boeing and Japan on a new medium-range jetliner is a long series of efforts by the Japanese to get back into the

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ON OTHER PAGES
International Company News: Voest-Alpine profits 34/35
Coles profits 34/35
INCO Canada declares nickel price war
EEC sugar pact move 37

هكذا من العمل

Technical Page

ARTHUR BENNETT AND TED SCHOETERS

Video venture by Philips and EMI

agreement has been reached between Philips and EMI Audio to produce a new range of video discs covering everything from fiction to education, and with strong outlets in the major English-language markets. Collins is a natural partner for EMI in this new business.

Priority subjects already identified include cookery, home improvements, skiing, bird-spotting, travel and children's educational subjects. Collins has extensive experience in these areas, exemplified by their Companion Guide series of books on travel.

Initially, two or three are to be chosen as subjects for video programmes, with a firm eye on world markets and the U.S. in particular.

Most significant of all, perhaps, is that the venture has already cleared one important hurdle—an analysis of costs and profitability—and the phase ahead, in co-ordinating more with the detailed decisions of marketing and production.

This agreement signals the beginning of moves by bigger names into the programming side of the audio-visual business. But it does not mean feature films or video discs from this particular grouping—even though, conceivably, Collins publishes Agatha Christie, and EMI was behind the profit-making *Murder On The Orient Express*. No doubt EMI will keep that to themselves.

JOHN CHITROCK

Calculator has many functions

If calculators have to be replaced in a year in temperate climates, a mode switch gives an option of date and time. As long as the time option is depressed on battery, but shows eyesight is not permanently on mains, or it can be called in the stopwatch function which is accurate to a tenth of a second. A separate lap button holds the display without stopping the count.

In its alarm mode, the unit can be set to four separate and unrelated alarm times, over the 24 hours.

The CQ1 incorporates a 199 year calendar with automatic compensation for different months and leap years up to 2100 AD. It also gives exact elapsed time in days, minutes and seconds, over two centuries.

Further details on this mid-range unit from the company at 25 Scrutton Street, London EC2A 4TY. 01-377-9087.

Dyes made cleanly

reaction of dyes Copymate is easy to apply wherever it is required—remembering that frequently areas on the surface of copies two and three and subsequent may differ.

Ninety per cent of the area of most business forms is not used for image purposes and to take account of the above patch effect, chemical transfer papers would normally require to be desensitized where appropriate.

The major immediate area of application of the coating is in other forms, expected to be in the food industry, likely to save at times which make extensive use of van-sales orders. Copymate is much cleaner to handle than alternatives and customers will appreciate this.

The same considerations can be applied to the garment, soft alternatives and book trades transfer papers where fingermarking is a different type of anathema.

More from BPC Business Forms Group, POB 10, George front and back Street, Dunstable, Beds, LU6 1NW. Dunstable 64200.

Master for cashiers

Master and more Wagemaster Mk. II was originally developed for use by a security company. It is now offered as a development to any organisation with a large number of wage packets to fill in, used in many (1000 plus per week). In addition, U.K. banks, Wage-master can be used to speed up such operations as petty cash and consists of pay onts and cashing of em-ums—a keyboard plyee cheques.

The price is £4,000, but—says the developer—this is not prohibitive when all the advantages over purely manual make-up are taken into account.

De La Rue Crossfield, Walton Road, Farnington, Portsmouth, and the other re-Hampshire. Cosbam (07018) 83161.

React fast to glare

FOUR TIMES faster reaction to bright sunlight is the claim made for new photochromic glasses produced mainly for ophthalmic uses by Chance-Pilkington.

Reactolite Rapide lenses darken in about half a minute compared with about two minutes for the fastest known competitor. Clearing of the glasses is also much faster, taking about two minutes to clear halfway against 30 minutes for wide transmission range glasses in current use.

In the darkened state, the new products have a neutral grey tint and will be available in sunglasses and prescription glass series. In the fully darkened state the sunglasses has a transmission of 18 per cent, and the prescription glass one of 24 per cent. In the clear state, both transmit 90 per cent. Prescription glasses will be available this year and sunglasses for the 1978 season.

Chance-Pilkington, St. Asaph, North Wales. 0745 583301.

DATA PROCESSING Army & Navy leads

WHEN, this autumn, the Army and Navy store group completes the installation of a new retailing terminal system by NCR, it will have in operation what NCR considers to be the most advanced point-of-sale retail equipment in Europe.

The group has ordered 60 of the new NCR 2181 terminals for installation in the new stores in Victoria Street and nine other stores in London and the south of England.

Most will be in the new store and all will be linked to a mini to provide management information on the spot.

The aim is to provide credit sanctions for the store's 20,000 account customers quickly and simply through any terminal in any store. At the same time, customers will be able to pay their accounts in any store with instant updating of their records.

Apart from this, the NCR 2181 units in the stores will be able to handle credit card transactions.

More from NCR on 01-723 7070.

Marriage of innovators

SEMS—the group set up with French Government backing as the national entity to make and market microcomputers and peripherals—has come to an important agreement with Calcomp, the U.S. company recognised worldwide as a major innovator in automated graphics equipment, and a leading producer of peripherals.

Under its Calcomp will buy Solar minis from SEMS to incorporate into its graphics products and will also have the right to manufacture and market these machines as part of its own range. SEMS will supply hardware and software and will be able to use the Calcomp sales network and maintenance facilities to promote both the Solar and the Mitra computers in North America.

Since March, Calcomp has carried out extensive testing of a

Terminals come down

TWO sizeable price reductions in data terminal equipment have recently been announced.

Data Dynamics, agent for Digital Equipment has set a new price for the LA-36 DECwriter of £995 in quantities of 50 units and £1,095 bought individually. The unit has proved an extremely popular 30 character/sec. key-board printer, some 60,000 units having been sold worldwide.

PROCESSING Vacuum progresses

group of Solar machines sent to the company's Ansbach plant. They have passed their tests with flying colours and will be built into equipment going out to U.S. market users this autumn.

Calcomp considers the SEMS machines to be the equal of anything available on the U.S. market, which is a welcome accolade for French electronics expertise. Its option to take up manufacture whenever it thinks necessary could be of major importance for the future since this would imply increasingly close co-operation between the two organisations, both on design and on marketing policies.

Apart from this consideration, there is the fact that any Calcomp product sold in Europe with a SEMS machine as its driver will have a European character.

SEMS, which is an affiliate of Thomson-CSF, has the official title 306 Européenne de Mini-Informatique et de Systèmes.

RADIO & TV Signal sent underground

A RADIO frequency product recently added by Kabelmetal to its list is Radiatex, a radiating coaxial cable suitable for the transmission and reception of signals in mines, tunnels, heavily reinforced metal buildings and similar locations where normal radio propagation is not feasible.

The product is a leaky waveguide consisting of a longitudinal slot in the crimped copper tape outer conductor leak a controlled amount of rf energy along the whole length of the cable so that it acts as a combined feeder and aerial. More from Kabel und Metallwerke, 3000 Hannover 1, Germany.

INSTRUMENTS Meters for many uses

FOUR PAPERS dealing with major technological advances, written by technicians from Edwards High Vacuum in conjunction with scientists of international repute, have been selected for presentation at the 7th International Vacuum Congress which is to be held in Vienna from September 12 to 16.

Edwards is also contributing a large exhibition stand on which will be shown Diffstat integrated diffusion pumps for installation where complete freedom from detectable contamination is essential. Also to be seen is a new ion plating plant which produces exceptionally high-quality and durable films.

The first of the four papers, given in conjunction with Montedison SPA of Italy, concerns "Fomblin," a chemically inert and non-contaminating range of perfluoropolyether fluids developed as fluids and lubricants for diffusion and rotary vacuum pumps.

The second paper describes development work on a new type of industrial vapour vacuum pump which may prove to be one of the most important developments of its kind for many years. It employs a porous element flash boiler which has such rapid warm-up and cool-down times that the isolation valves, systems and associated controls of a standard production vacuum plant can be dispensed with.

Capital costs and running costs and space requirements are much reduced, utilisation is improved and general operation simplified. A prototype pump has been on trial with excellent results.

The paper on this development

Find the rogue metal

TWO equipments for the detection of hidden or unwanted metal items are introduced by Institut Dr. Forster in Germany.

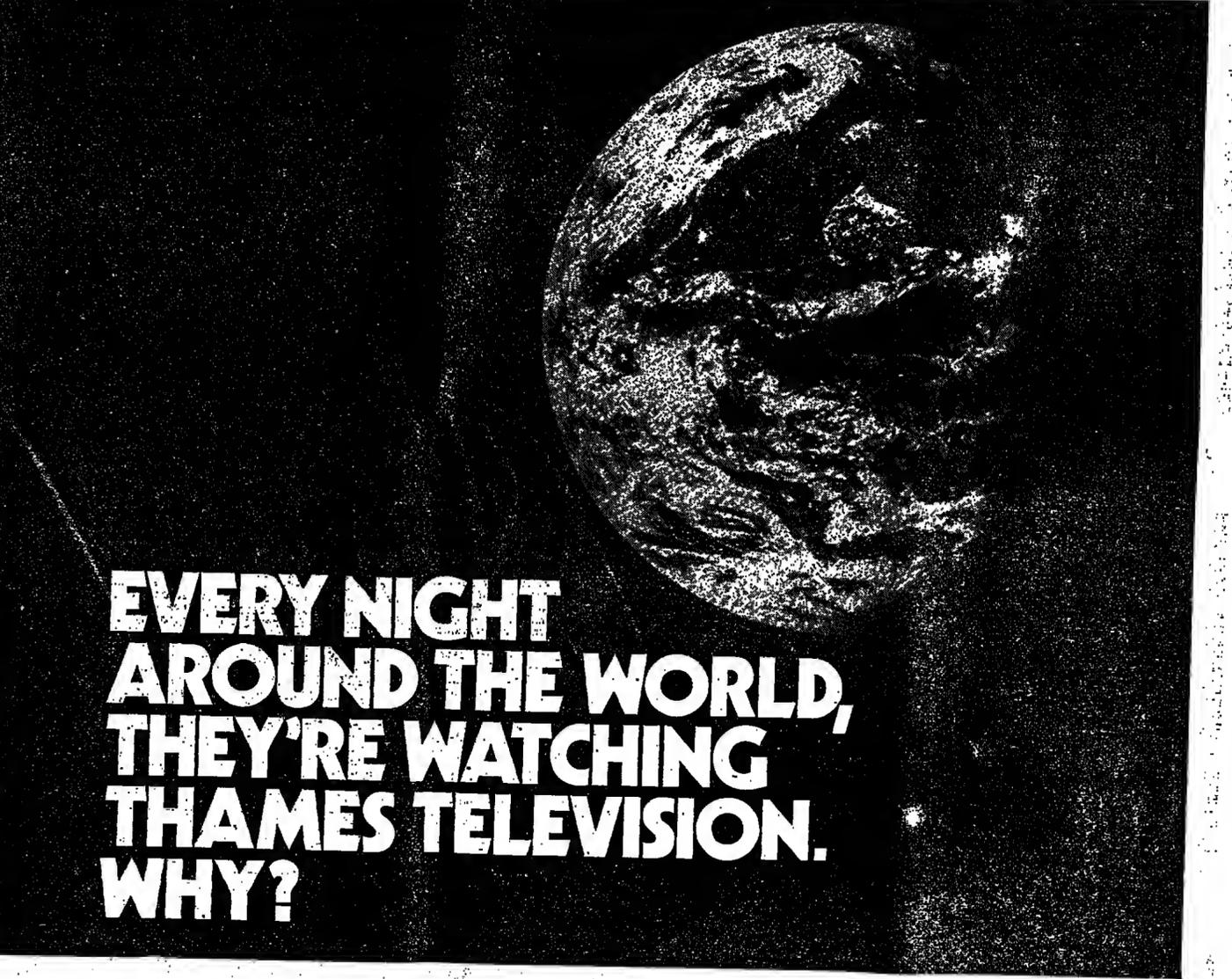
Metex 4114 metal detector is intended for police and security use. The equipment includes three search coils of various sizes and a hand-held probe; it can be dismantled easily for carrying and weighs only 2 kg with coil. About 100 operating hours can be expected from the battery and the unit can detect for example, a paper clip at 150 mm or a machine gun at 870 mm.

The other equipment, Ferex 4.021, is a general search instrument which can be used underwater if necessary. This simple-operated unit weighs 4.5 kg and the conversion from land to water use needs only a few simple actions. The search probe is watertight down to 30 metres and special probes for greater depth can be supplied. More from Institut Dr. Forster, Postfach 925, D-7410, Reutlingen 1, Germany.

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For Industry

Instant Contact **CASS** Increased Efficiency

Cass Electronics Limited
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EVERY NIGHT AROUND THE WORLD, THEY'RE WATCHING THAMES TELEVISION. WHY?

From its beginning only nine years ago, Thames Television has become one of the world's biggest exporters of television programmes. There are several reasons.

First, we attempt the impossible. That's how we took over a New York TV station for a week. That's how we've managed to turn our British success **Man About the House** into a new American network show called **Three's Company**, joining ABC TV in the production and retaining world sales rights. It's also how we managed to sell a British gardening series on the somewhat unpromising soil of Kuwait.

Secondly, we offer a service, not just a sale. When we sold the format of our award-winning children's series **Rainbow** to Iran, for example, we had producer Pam Lonsdale fly out to act as production advisor.

Thirdly, we think our market is bigger than the TV entertainment stations of the world. Universities are among our most regular international customers; **The World at War**, now seen in 64 countries, was acquired by the US Army and Navy for their education divisions; and our factual documentary on the French DC10 disaster found buyers among the top world airlines.

Those are three reasons. But the underlying fact is the one that should lie behind all successful exporting: we make products of unrivalled quality that the world wants to buy.

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from—
va, Madrid,
Frankfurt,
celona,

High
ce 800

HOME NEWS

British Gas seeks greater freedom to make profits

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH GAS Corporation, which last year made a profit of £3.5m., is seeking Government approval for a financial target which would enable it greatly to improve its performance.

Sir Denis said this would enable the corporation to build up reserves to a level of between £800m. and £700m. This was essential if the undertaking was to meet future expenditure on each project as the proposed gas-gathering pipeline network and the possible development of the Irish Sea Morecambe Field.

The corporation has been told by the Price Commission to peg its prices until it has used up past "excess profits." The Government is preparing a White Paper on the relationships between Whitehall and the State-owned industry.

The corporation expects to spend between £280m. and £300m. on capital projects this year, all of it funded internally. Sir Denis said that it had accelerated the rate of depreciation to avoid the need for big price rises in the future.

Target The corporation's profit in the past financial year represented a 1.6 per cent return on turnover. It was achieved even with an accelerated rate of depreciation based on replacement costs, rather than historic costs. This year British Gas expects to do much better.

Caveat He pointed out that when the corporation announced a 12.8 per cent price rise in October last year it stated that no further increase would be sought for 12 months—subject to the Govern-



Sir Denis Rooke: Essential to build up reserves to pay for future spending.

calling that the corporation was later asked to raise prices again and to repay £160m. to the National Loans Fund as part of the International Monetary Fund loan package.

This arose largely because money set aside for improvements to the mains system was not used. "In a business with a very low profit margin, and a turnover of nearly £2bn., we have to estimate to extremely tight margins. The £36m. excess is an extremely large sum of money, but in the gas industry it is less than six days' revenue," Sir Denis said.

British Gas expects to use up the excess by March 31 next year. It knows that it will not be allowed to raise prices until the money has been spent.

Plutonium 'unlikely target for terrorists'

Financial Times Reporter

PLUTONIUM USED at nuclear power plants is not an attractive target for terrorists, Dr. Donald Avery, deputy managing director of British Nuclear Fuel, said yesterday.

He was giving evidence at the public inquiry at Whitehaven into the company's bid to build a £600m. extension to its Windscale plant in West Cumbria.

"It is important to recognise, he said, that plutonium produced in commercial reprocessing plants had a constituent of new fuel for thermal or fast nuclear reactors which is not

in the form or quality used for military weapons. When used in reactors it was always blended with uranium oxide and there was no simple way of separating them.

There are many other ways of creating at least as much physical damage as offered by other chemicals in day-to-day use.

Dr. Avery said the first line of defence lay in the physical security precautions taken at the reprocessing plant and in storing and transporting the materials, although he was not permitted to discuss any details.

He went on: "Concern is often expressed about the possibility of causing serious local damage by sabotage of a reprocessing plant."

The Government decides that such a step should be necessary only in the event of an invasion of civil liberties.

Shell and Esso shut oil flow from Auk Field in North Sea

BY OUR ENERGY CORRESPONDENT

SHELL AND ESSO have halted oil production from their North Sea Auk Field in order to carry out routine maintenance. It means that all oil supplies from the companies' U.K. offshore concessions have been interrupted.

The single Auk Field platform will be out of service for about three weeks, Shell said that closure was due to planned maintenance.

Last month they closed the "B" platform on Brent Field—the only production unit to be commissioned—in order to install more equipment. Then the Department of Energy directed that the platform should remain closed until Shell and Esso had overcome the problem of wasted gas.

The Government wants the oil industry partners to re-inject the gas into the Brent Field until a gas production scheme is set up. The directive could mean that Brent's "B" platform will be out of action for 11 months.

Shell and Esso are so encouraged by the discovery that they may not drill any further wells before deciding to go ahead with commercial development. Much will depend on the outcome of the planned three-dimensional seismic tests.

An agreement covering the development of the Aegle/Norwegian Frigg gas field took effect yesterday. It is the first agreement of its kind to embrace the development of a gas field which straddles an international median line.

The field, with an estimated 7.5m. cubic feet of gas reserves, is expected to be on stream next month. British Gas will begin taking contract commitments for Frigg gas in October.

Gas from Frigg and Brent will provide the Gas Corporation with an opportunity to substantially increase supplies over the next few years.

DFDS considers second service from Tyne DFDS, the Danish shipping line, is expected to start a second passenger service from the Tyne.

COMPANY NOTICES

ANGLO AMERICAN CORPORATION GROUP TRANSVAAL GOLD MINING COMPANIES Interim Dividends—Financial Years Ending 31st December 1977

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of POLYTECHNIC PRINTERS LIMITED and in the Matter of the Companies Act 1965.

Advertising spending last year exceeded £1bn.

SPENDING on advertising in the U.K. rose to nearly £1.2bn. last year, an increase of £20m. over the previous year, according to the Advertising Association.



Management game win for Rank Xerox

RANK XEROX set a record by winning the National Management Game for the second year in succession last night, writes Michael Dixon.

"Rank Insiders"—again represented by John Chappell (right) and Paul Webb (left)—announced their paper company through the six-hour final in London to amass a national £10.8m. profit and collect the real £1,000 prize presented by Mr. John Mowbray, director-general of the Confederation of British Industry.

started in January with 300 entrants—was given by being a domestic within the Unilever group's Walls Ice-cream subsidiary eventually to £25m.; Unilever itself lost of the four finalists £5.1m.

At one stage the Rank players were lying a poor third and it was only in the last of the computer-based contest's six trading periods that they managed to edge ahead of a five-man team from the Eley Ammunition "subsidiary" of Imperial Metal Industries who finished second with £10.3m.

The struggle for third place in the championship—which comparisons. In particular the committee sets out to establish that the Stock Exchange is not a Casino, as some have inferred. It shows the far from being a Casino, the London stock market appears by international standards to be only normally active, at least as far as concerns the ratio of turnover to equity capitalisation.

As a result of their successive victory, Mr. Pell and Mr. Webb have been invited by the SEI to represent the United team in the annual international management contest played in West Germany September 3.

City defends its record in boosting the economy

FINANCIAL TIMES REPORTER

A SEARF rebuff to any claims that the U.K.'s capital market mechanism is responsible for Britain's poor industrial performance is delivered by the City's Capital Markets Committee in its evidence to the Wilson Committee reviewing financial situations.

Recommendations changes the committee urges that "the existing structures are sound," says the nine-man committee headed by Mr. Ian Fraser, deputy chairman of Lazard Brothers and chairman of Anglo

RTZ tak appeal to the Lord

By Paul Cheseright

IN ITS attempt to avert the Westinghouse uranium, the RTZ-Tinto-Zinc Co. today fights the fact legal battle to the 11 Lords. It is seeking which would prevent seven executives from having power in a U.S. court.

Power utilities are suing Inghouse Electric Co. for failing to honour delivery contracts. house has consistently, that RTZ executives were able to provide evidence to the case.

Westinghouse has RTZ companies in a uranium producers' alliance, formed a cartel forced up prices and to create the situation in which RTZ executives were able to provide evidence to the case.

If the right to a granted, RTZ lawyers a stay of an order hand in the Court of Appeal 28 to last until a full by the Law Lords in

If a stay is not Westinghouse will seek order compelling the executives to give evidence in the U.S. court. If such was forthcoming a stay would make the Westinghouse case—where ever, the executives receive evidence.

More Home News

Pages 12, 31 and 33

ROYALTY. The committee was established in July 1974, to speak for the City.

should go, as should stamp duty on security transactions. The limited partnerships Act should be changed and a separate tax regime for small businesses, similar to that in the U.S., should be established. The committee also feels that there should be a carefully planned long-term programme to encourage the British public to save.

By the Capital Markets Committee's main recommendation is that "current political and legislative attitudes towards risk-taking must be reversed, and the structures are sound," says the nine-man committee headed by Mr. Ian Fraser, deputy chairman of Lazard Brothers and chairman of Anglo

Echoing evidence already submitted by the City's component institutions, the committee defends the private enterprise system and the City's part in it. It urges that "nothing should be done to diminish the effectiveness of the financial sector's wealth-creating ability," chairman of the City of London is one of the few major growth areas of the British economy which has consistently, over the last few decades, improved its productivity and its export earning capacity.

The evidence goes through the City's functions and offers a succinct defence of the way it performs each of them, based to some degree on international comparisons.

Turner Newall will speed asbestos substitute study

BY DAVID FISHLICK, SCIENCE EDITOR

PLANS TO intensify its research into substitutes for asbestos have been announced by Turner and Newall.

was "the fact that known reserves of asbestos fibres in the world have a life of only 25 to 30 years at the present rate of usage."

The company is setting up a new alternative materials and fibres unit with an initial budget of about £750,000 to investigate potential substitutes for the products of all parts of the group.

Mr. Ronald Wells, joint managing director of TBA Industrial Products, who becomes managing director of the new unit on September 1, said he hoped to have the unit in operation before the end of the year.

The company said the principal reason for the intensified search for asbestos substitutes

was "the fact that known reserves of asbestos fibres in the world have a life of only 25 to 30 years at the present rate of usage."

BOND DRAWING

CHILEAN EXTERNAL LONG TERM DEBT. LAW No. 3952 CHILEAN GOVERNMENT 6% LOAN 1976

Leyland 'will not need' £400m.

BY TERRY DODSWORTH

THE car would be launched on target in the autumn of 1979, despite persistent stories that it had been put off by six months.

It would be longer than the present Mini, but more compact than the existing foreign competitors.

Table with columns for bond series (A, B, C), nominal value, and interest rate.

PUBLIC NOTICES

SUPPLY OF ELECTRICITY METERS: REFERENCE TO THE MONOPOLIES AND MERGERS COMMISSION

GENEVA

Full Service is our Business. Law and Taxation. Mailbox, telephone and telex services.

ENTERTAINMENTS CONT.

THEATRES: WAVERLEY, ROYAL OPERA HOUSE, THEATRE ROYAL, etc.

These particulars are issued in compliance with the requirements of the Council of The Stock Exchange for the purpose of giving information to the public with regard to the Company and are not an invitation to any person to subscribe for, or purchase any shares in the Company. The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in relation to the Company and its subsidiaries and confirm having made all reasonable enquiries that to the best of their knowledge and belief there are no facts, the omission of which would make any statement herein misleading.

HAWTHIN LIMITED

(Incorporated in England under the Companies Act 1963; No. 7317)

In this document "The Company" means Hawthain Limited; "the Group" the Company and all its subsidiaries; "Planet" Planet Gloves (Industrial) Limited (being the company now carrying on the business formerly carried on by Planet Gloves (Caerphilly) Limited); "Glyme" The Glyme Glove Co. (1964) Limited; "Eurodec" Eurodec (Sales) Limited; "P.T.C." P.T.C. Plastics Limited; "Panda" Panda Workwear Limited; "Hollingworth" E. D. Hollingworth & Son Limited; "Peak" Peak Protective Gloves Limited; "Safety Specialists" Safety Specialists (Biggleswade) Limited; "the Preference Shares" the issued 4.55 per cent Cumulative Preference Shares of £1 each of the Company.

Application has been made to the Council of The Stock Exchange for all the issued Ordinary Shares of 5p each and all the issued 4.55 per cent Cumulative Preference Shares of £1 each in the Company to be admitted to the Official List.

Authorised		Issued and fully paid	
£2,250,000	Ordinary Shares of 5p each	£1,691,879.40	
£750,000	4.55 per cent Cumulative Preference Shares of £1 each	£548,750.00	

At the close of business on 30th June, 1977, the Group had outstanding secured bank overdrafts of £797,463, £176,887 4 per cent Perpetual Debenture Stock (of Metropole Enterprises (Blackpool) Limited, secured by a first charge on its assets) and secured liabilities for deferred purchase consideration amounting to £550,000. A subsidiary has a contingent liability for bills discounted amounting to £61,422. The Company has given an indemnity to the purchaser of F. A. Standen & Sons Limited against any claim or claims made or which may be made against that company or any of its subsidiaries by an engineering company for patent infringement. The directors are of the opinion that no liability is likely to arise under this indemnity.

The Inland Revenue have raised an estimated assessment on the surplus arising from the disposal of the silencer division. The Company has appealed against this assessment and advisers to the Company have confirmed their opinion that no corporation tax liability arose on the disposal. Save as aforesaid, and apart from intra-group indebtedness, no company in the Group had outstanding on that date any borrowings, or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments or guarantees or other material contingent liabilities.

CTORS

Hawtin (Chairman)
 10, Ballam, Lytham, FY8 4NL.
 George Coope, F.C.A. (Joint Managing Director and Financial Director)
 10, Heys Road, Blackpool, FY3 8NP.
 Felix Gregory, M.A. (Joint Managing Director)
 10, Foston Fach, Llantrisant, nr. Barry, Mid-Glamorgan, CF6 9AS.
 J. Dovey, Non-Executive Director
 10, Rochestown Road, Co. Cork, Eire.
 Hawtin, Non-Executive Director
 10, Heys Road, Blackpool, FY1 1QL.
 Haydock, Non-Executive Director
 10, Craft, Wiswell, Whalley, Blackburn, BB6 9BY.

SECRETARY AND REGISTERED OFFICE

John Touge Coope, F.C.A.
 Metropolitan House, Preston New Road, Blackpool, FY3 9TJ.

BROKERS

Henry Cooke, Lumsden & Co.
 Arkwright House, Parsonage Gardens, Manchester, M60 3AH
 and The Stock Exchange.

AUDITORS AND REPORTING ACCOUNTANTS

Spicer and Pegler, Chartered Accountants
 12 Booth Street, Manchester, M60 2ED.

SOLICITORS

Addleshaw, Sons & Latham
 Dennis House, Marsden Street, Manchester, M2 1JD.

BANKERS

National Westminster Bank Limited
 19 King William Street, Blackburn, BB2 1JW.

The Company was incorporated on 16th May, 1873 as The Dental Manufacturing Limited and was engaged in the manufacture of artificial teeth and dental appliances. With the introduction of free dental treatment under the National Health Service in 1948, there was considerable expansion, but following the imposition of a public demand for dental treatment declined resulting in a reduction in the level of trading. In order to broaden its base of operation, the Company entered a programme of diversification through acquisition and by 1965 was additionally in general engineering, chemicals and plastics, house building and in 1968 the original dental business was sold and the name of the Company Hawthain Industries Limited. The proceeds of the sale were used in the expansion of the Company's other interests. In 1970, following the disposal of certain engineering interests, the Company entered the merchant banking field through the acquisition of Metropole Enterprises (Blackpool) Limited and its subsidiary, Hawtin & Partners Limited.

The Company changed its name to Hawthain Limited. The banking subsidiary Partners Limited obtained Section 123 status under the Companies Act 1967, ceased its consumer credit and banking activities. The growth of these activities constant flow of funds and the majority of the other subsidiaries not involved in the sale of the Company were sold to meet these requirements. The fall in property prices was the principal factor in the collapse of the secondary banking sector in the Group in serious financial difficulties. Long term funds had been acquired by convertible subordinated loans amounting to £15 million and a five year Euro-currency loan, but by the autumn of 1974, it was apparent that the Company could only survive by the immediate cessation of its banking activities and its withdrawal from its long term liabilities. On 16th December, 1974, The Stock Exchange suspended at the Company's request following an agreement in principle between the Company and Gilwise Limited, a member of the Gulf Western Associates, for the sale of Hawthain & Partners Limited to Gilwise Limited, for a nominal consideration.

As a result of this transaction the Company disposed of the entire banking and services division, including the long term liabilities and was released from its liabilities in respect of that business. In January, 1976, the Company reformed its industrial interests by entering the protective clothing and equipment field with the acquisition of the business of Planet. This policy implemented by the purchase in March, 1977 of Hollingworth. During this Group expanded the distribution side of this business in Eire by the incorporation of Panda, and has recently acquired the business of another safety equipment in Biggleswade, Bedfordshire.

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The Company is a holding company engaged in the management of subsidiaries. Its principal activities are as follows:

1. The manufacture of industrial gloves and the distribution of gloves and other protective clothing equipment.

Planet, which started in 1956 and is based at Caerphilly, South Wales, imports and distributes industrial gloves, and other protective clothing, and the reconditioning of used gloves; mainly on a contract basis. Gloves are made in the Far East, mainly from Hong Kong, and are made to a high standard of specifications.

The Company manufactures industrial gloves at Louth in Lincolnshire, and its factory has been extended to cope with increased demand. In March, 1977, the Company acquired Hollingworth (see material contract 12) together with its subsidiary, Peak, manufactures industrial chrome leather footwear and Tideswell, Derbyshire. Hollingworth also imports and factors of industrial gloves and protective clothing. The Company's subsidiary, Safety Specialists, previously dormant, recently acquired the business of a distributor of clothing and safety equipment and operates from Biggleswade, Bedfordshire, under contract 13 below. Panda commenced business distributing protective safety equipment in Eire in October, 1976.

The Company supplies customers throughout the United Kingdom and no one customer accounts for more than 5 per cent of Planet's turnover. The majority of its larger contracts are traded with Planet for many years.

The Company mainly supplies direct users in industry and no one customer accounts for more than 5 per cent of turnover.

The Company distributes products to the D.I.Y. trade. Planet and Eurodec are engaged in the distribution from South Wales of P.V.C. roof boards, louvre and carved doors to the D.I.Y. and builders' merchants.

The Company's investment and management properties (Holdings) Limited and Metropole Enterprises (Blackpool) Limited properties which are either leased to third parties or occupied by companies for their own use. These properties were retained when the Company was banking and financial interests. In February, 1977, the Company acquired Planet Limited for a consideration approximately equal to its net asset value (contract 11). Its main asset is the premises at Llantrisant partly occupied by Planet, as set out below. It is not intended to extend the property activities of Planet.

The Company's registered office is at 10, Heys Road, Blackpool, Lancashire. Planet Limited, acquired in 1963, is based in North London and is engaged in the engine reconditioning.

The following are the principal premises owned or occupied by the Group:

Occupier	Area sq. ft.	Tenure	Term of years	Rent p.a. £	Payable £
Planet	28,000	Freehold			

Address and Description	Occupier	Area sq. ft.	Tenure	Term of years	Rent p.a. £	Payable £
3. Part of Model House, Llantrisant, Mid-Glamorgan	Planet	6,000	Freehold			
4. Trecanudd Industrial Estate, Caerphilly, Mid-Glamorgan	P.T.C. and Eurodec	25,000	Leasehold	7 years from 13.3.1972 (note (i))	7,800	Not subject to review
5. Little London Road, Sheffield, South Yorkshire	Hollingworth	5,000	Freehold			
6. Manchester Road, Tideswell, Derby	Peak	2,200	Leasehold	3 years from 1.8.1974 (note (ii))	1,000	Not subject to review
7. North Holme Road, Lough, Lincs.	Glyme	9,850	Leasehold	25 years from 1.1.1977 (note (iii))	2,300	7 year reviews
8. Sun Street, Biggleswade, Beds.	Safety Specialists	6,500	Leasehold	28 years from 10.4.1972 (note (iv))	2,428	7 year reviews
9. Unit 5, Glimshire House, Lower Glimshire Road, Cork, Eire	Panda	10,000	Leasehold	27 years from 1.8.1976	10,000	3 year reviews
B. Surplus to Group requirements and let to third parties.						
10. Metropole Hotel, Blackpool, Lancs.	Lat		Freehold	98 years from 4.12.1964	31,000	Increasing by 5,000 in 1984 tenant's right and every 10 years thereafter
11. Metropolitan House, Preston New Road, Blackpool, Lancs.	(a) Lat	8,000	Freehold	5 years from 25.6.1977	3,500	Not subject to review
	(b) Lat	24,743	Freehold	21 years from 1.8.1976	12,100	Reviewable every 4 years
	(c) Lat	12,000	Freehold	20 years from 3.12.1976	9,500	Reviewable every 4 years
	(d) Lat	15,000	Freehold	20 years from 25.3.1977	6,500	Reviewable every 5 years
	(e) Vacant (on offer)	22,000	Freehold			
12. Clough End Mill, Haslingden, Lancs.	Lat	65,000	Freehold	21 years from 1.8.1970	8,000	from 1.8.1977 Reviewable every 7 years
13. Lund Street, Stretford, Greater Manchester	Lat	20,000	Freehold	21 years from 1.8.1970	5,750	from 1.8.1977 Reviewable every 7 years
14. Part of Model House, Llantrisant, Mid-Glamorgan	Lat	4,500	Freehold	28 years from 5.7.1977	1,900	Reviewable every 5 years

Notes:
 (i) On the expiration of the present lease in 1979, P.T.C. and Eurodec will be able to hold over under the relevant landlord and tenant legislation protecting such a tenant. The requirements of these subsidiaries will be reviewed at that time. It is not anticipated that there will be any difficulty in obtaining other accommodation should the need arise.
 (ii) A new lease is currently being negotiated. On the expiration of the lease in August, 1977, Planet will be able to hold over under the relevant landlord and tenant legislation.
 (iii) A new lease was obtained in January, 1977, a term of which required the erection of a new extension to the factory by Glyme, which has now been built at a cost of approximately £13,350.
 (iv) These premises are being acquired pursuant to material contract 13, at a premium of £29,500.

DIRECTORS, MANAGEMENT AND EMPLOYEES

Mr. F. Hawthain (aged 75) has been Chairman of the Company since 1949. He was joint managing director until 1970 when the Company disposed of its main industrial subsidiaries and has since been employed as Executive Chairman.
 Mr. R. F. Gregory (aged 41) was appointed to the board in January 1976, on the acquisition of Planet. He is Joint Managing Director with overall responsibility for all the subsidiaries engaged in the manufacture, import and distribution of industrial gloves and protective clothing, and the distribution of D.I.Y. products. He has a wide experience in these fields and was responsible for the establishment and

success of Planet. Mr. Gregory has a Service Agreement with the Company, details of which are set out under "Directors' Interests" below.
 Mr. J. T. Coope (aged 52), a Chartered Accountant, is Joint Managing Director and Finance Director, and also Company Secretary. He has been a director of the Company since 1970. Mr. Coope has a Service Agreement with the Company, details of which are set out under "Directors' Interests" below.
 Mr. P. Hawthain (aged 66), a director since 1949 is non-executive but retains responsibility for property management and engineering interests.

The following are the main Subsidiary Company Executive Directors:
 J. E. Goddard (aged 57) Sales director - Planet and Glyme
 G. L. Bennett (aged 41) Financial director - Planet
 P. R. Mano (aged 55) Managing director - Glyme
 J. Price (aged 47) Joint Managing directors
 R. J. Guscott (aged 55) P.T.C. and Eurodec
 G. Oates (aged 38) Managing director - Hollingworth
 D. E. Hollingworth (aged 50) Managing director - Peak
 Mr. L. Dovey (aged 49) and Mr. A. Haydock (aged 69) are both non-executive directors of the Company. Mr. Dovey is the chairman of Dovey Holdings South Wales Limited and its associated companies which have interests in property and motor businesses. Mr. Haydock is a director of Rawlings Bros. Limited.
 The Group employs approximately 350 people and labour relations throughout the Group are good.

PROFITS, PROSPECTS AND DIVIDENDS

1. Profits
 The directors expect that the profits before taxation of the Group for the financial year ending 31st January, 1978 will, in the absence of unforeseen circumstances, be not less than £700,000. These will include a contribution from Hollingworth, Peak and Safety Specialists for a ten-month period.

2. Prospects
 It is the directors' intention to concentrate the Group's efforts mainly in the safety and protective clothing industry, which they believe is a field which has good prospects of growth. Customers are well-spread on a national basis, and the Group is well-placed to take advantage of any improvement in general trading conditions. The Group is constantly looking for opportunities for further expansion in the safety equipment and protective clothing field, both organically and by acquisition. The directors view the future with confidence.

3. Dividends

At the present time, the directors do not envisage that any ordinary dividends will be paid in respect of the financial year ending 31st January, 1978. No preference dividends have been paid since 30th June, 1974. The directors intend to resume payment of the preference dividend on 31st December, 1977 in respect of the half year ended on that date and to pay all arrears of the preference dividend (amounting to 13.65p per share, £74,904 in total) on 1st January, 1978. Holders of the Preference Shares are entitled to attend and vote at general meetings of the Company whilst the preference dividend is in arrear.

4. Bases and Assumptions

The profits forecast of the Group for the financial year ending 31st January, 1978 set out above takes into account available unaudited management accounts and has been made by the directors of the Company on the following principal assumptions:
 (i) Sales and gross profit margins will continue in line with levels and trends experienced in the current financial year to date, adjusted for normal seasonal factors.
 (ii) There will be no material change in the current trends of cost inflation.
 (iii) There will be no material change in existing import quotas on the Group's products.
 (iv) Supplies of goods and services to the Group will not be interrupted.
 (v) There will be no material change in exchange rates.
 (vi) Interest rates and the bases and rates of taxation, both direct and indirect, will not change materially from those which apply at present.
 (vii) The present management and accounting policies will not be changed.
 (viii) Trading results will not be affected by industrial disputes.

5. Reports on the Profits Forecast

The following are copies of letters received by the Company from Spicer and Pegler and Henry Cooke, Lumsden & Co.,—
 (i) From the Company's auditors, Spicer and Pegler:—
 The Directors,
 Hawthain Limited,
 Metropolitan House,
 Preston New Road,
 Blackpool,
 FY3 9TJ.
 12 Booth Street,
 Manchester,
 M60 2ED.

26th July, 1977.

Dear Sirs,
 We have reviewed the accounting bases and calculations of the profits forecast of Hawthain Limited and its subsidiaries ("the Group"), for which the directors are solely responsible, for the year ending 31st January, 1978, referred to in the document to be dated 26th July, 1977. In our opinion, the forecast, so far as the accounting bases and calculations are concerned, has been properly compiled on the basis of the assumptions made by the directors and set out in the document, and is presented on a basis consistent with the accounting practices normally adopted by the Group.

Yours faithfully,
 SPICER AND PEGLER,
 Chartered Accountants.
 (ii) From the Company's financial advisers, Henry Cooke, Lumsden & Co.:—
 The Directors,
 Hawthain Limited,
 Metropolitan House,
 Preston New Road,
 Blackpool,
 FY3 9TJ.
 Arkwright House,
 Parsonage Gardens,
 Manchester, M60 3AH,
 26th July, 1977.

Dear Sirs,
 We have discussed with you and with your auditors, Spicer and Pegler, the profits forecast of Hawthain Limited and its subsidiaries for the year ending 31st January, 1978 referred to in the document to be dated 26th July, 1977. In our opinion, the profits forecast (for which you as directors are solely responsible) has been made after due and careful enquiry.

Yours faithfully,
 for Henry Cooke, Lumsden & Co.,
 P. G. CLEMENCE,
 Director.

HAWTHIN LIMITED

PRO-FORMA CONSOLIDATED BALANCE SHEET OF THE COMPANY AND ITS SUBSIDIARIES

The following is a pro-forma consolidated balance sheet of the Company based upon the consolidated audited balance sheet of the Company and its subsidiaries as at 31st January, 1977 adjusted for the acquisitions of:

- (i) Hollingworth, using its consolidated audited accounts as at 31st March, 1977.
- (ii) The net assets of the business acquired by Safety Specialists on 21st April, 1977.
- (iii) Planet Gloves Limited, using its net assets acquired on 7th February, 1977, for cash considerations of £230,000, £128,477 and £44,814 respectively, giving rise to additional goodwill on consolidation of £101,214.

	£
CURRENT ASSETS	
Stocks	1,847,873
Debtors	1,771,325
	3,618,998
CURRENT LIABILITIES	
Creditors	909,239
Bank borrowings	538,870
Acceptance credits	578,766
Current taxation	355,949
	2,382,824
NET CURRENT ASSETS	1,236,174
FIXED ASSETS	1,321,308
	2,557,482
Less: DEFERRED TAXATION	(383,201)
LOANS	(727,987)
MINORITY INTERESTS	(3,985)
NET TANGIBLE ASSETS	£1,462,289
Representing:	
ORDINARY SHARE CAPITAL	1,601,879
PREFERENCE SHARE CAPITAL	548,750
REVENUE RESERVE	(148,888)
SHAREHOLDERS' FUNDS	2,081,941
Less: GOODWILL ARISING ON CONSOLIDATION	(628,442)
	£1,462,289

Notes:

(i) The assets of Hollingworth as mentioned above are shown in the Accountants' Report on Hollingworth set out below.

(ii) The tangible assets acquired by Safety Specialists as mentioned above comprised stocks—£82,250; vehicles, plant and machinery—£18,727.

(iii) The tangible assets of Planet Gloves Limited as mentioned above comprised debtors—£13,650; cash at bank—£4,102; freehold property—£30,000; liabilities comprised creditors—£1,636.

ACCOUNTANTS' REPORTS

The following are the Accountants' Report on the Group (excluding Hollingworth); Planet Gloves (Caerphilly) Limited; and Hollingworth.

A. The Group (excluding Hollingworth)

The Directors: Hawtin Limited.

26th July, 1977.

Gentlemen,

1. We have examined the audited accounts of Hawtin Limited ("the Company") and its subsidiaries for the five years ended 31st January, 1977 or, in the case of subsidiaries, from the dates of their incorporation or acquisition by the Company where this is a shorter period. The Company and its subsidiaries are collectively referred to as "the Group". With the exception of Hawtin & Partners Limited for the year to 31st January, 1973, we have been auditors of the Company and its subsidiaries for the five years under review.

2. ACCOUNTING POLICIES

The following accounting policies are currently employed by the Group. The profit and loss accounts and balance sheets of earlier periods reflect these policies except as indicated in paragraph 2 (f) below.

- (a) Basis of Accounting: The accounts are presented on the basis of historic cost.
- (b) Consolidation: The consolidated accounts include the results and with the exception explained in paragraph 4 note (i) below the net assets of the Company and all its subsidiaries at each accounting period end.
- (c) Deferred Taxation: Provision has been made in respect of future taxation at the ruling rate at the balance sheet dates, after deducting the unused trading losses of certain subsidiaries and advance corporation tax recoverable on the following:
- (i) The excess of allowances for taxation purposes over depreciation charged in the accounts.
 - (ii) Timing differences between expenses provided for in the accounts and corresponding allowances for taxation purposes.
 - (iii) Stock appreciation relief.
 - (iv) Corporation tax which would arise upon the disposal of revalued land and buildings at their balance sheet values.
- (d) Stocks: Stocks and work in progress have been valued at the lower of cost including, in the case of items manufactured by the Group, factory and appropriate administrative overheads, and estimated net realisable value.
- (e) Depreciation: Depreciation has been provided on fixed assets, other than freehold land and buildings and leaseholds having in excess of fifty years to run, by equal annual instalments at varying rates, designed to write-off the assets over their estimated useful lives. No depreciation has been provided in the year of purchase but a full year's depreciation has been provided in the year of sale of an asset.
- (f) Instalment Credit Lending:
- (i) At 30th November, 1973, unearned interest was carried forward on the basis of the actuarial yield accrual method. Brokerage commissions paid were treated as prepaid and written off over the term of the loans using the sum of the digits method.
 - (ii) Until 30th November, 1973 for first and second mortgage contracts, the total finance charges less non-rebateable service charges (credit for which was taken immediately) were treated as unearned interest at the time the loans were made and were taken to the credit of the profit and loss account as earned income on the basis of the sum of the digits accrual method.
 - (iii) Until 30th November, 1973 for hire purchase loans, the unearned interest was calculated at 12½% of the total amounts outstanding on hire purchase loans as at the accounting date.

3. RESULTS

The turnover and results of the Group for the five years ended 31st January, 1977 arrived at on the basis stated in the notes below were as follows:

Note	Year to 31st Jan. 1973	Year to 30th Nov. 1973	Year to 31st Jan. 1975	Year to 31st Jan. 1976	Year to 31st Jan. 1977
Turnover					
Protective clothing and D.I.Y.				2,431,756	4,461,099
Engine reconditioning	146,080	138,000	185,000	189,324	222,322
Property rental	135,494	103,320	135,271	67,104	24,637
Merchant banking	5,274,000	8,491,000	13,548,819		
	5,561,494	8,724,320	13,870,090	2,895,484	4,712,058
Total operating costs	3,745,182	10,222,154	18,689,026	2,358,292	4,118,497
Profit/(Loss) before taxation	1,816,312	(2,497,834)	(4,818,936)	537,192	593,561
Taxation	(929,181)	(263,497)	(96,371)	145,402	61,260
Profit/(Loss) after taxation	907,141	(1,734,337)	(4,732,505)	181,480	532,301
Pre-acquisition profits	(14,502)	(51,287)	—	(154,377)	—
Extraordinary items	(1,464,634)	(411,168)	(468,866)	(54,190)	(81,095)
Minority interests	18,844	(105)	—	—	2,000
Profit/(Loss) attributable to shareholders	(591,829)	(1,696,977)	(5,231,431)	(27,097)	513,206
Preference dividend	35,699	24,868	12,484	—	—
Profit/(Loss) attributable to ordinary shareholders	(617,508)	(1,721,845)	(5,243,915)	(27,097)	513,206
Ordinary dividend	595,808	167,061	—	—	—
Retained profit/(loss)	(1,213,317)	(1,889,036)	(5,243,915)	(27,097)	513,206
Earnings per share	2-04p	(4-38)p	(15-84)p	0-01p	1-51p

Notes:

(i) The figures shown above have been derived from the audited accounts after making such adjustments as we consider appropriate.

(ii) Turnover consists of the total amounts receivable for interest earned, and goods and services provided, but excluding intra-group transactions and VAT.

(iii) (a) Total operating costs include all operating expenses and the specific expenses shown below:

	Year to 31st Jan. 1973	10 months to 30th Nov. 1973	14 months to 31st Jan. 1975	Year to 31st Jan. 1976	Year to 31st Jan. 1977
Depreciation	30,287	57,494	220,487	42,841	46,557
Directors' fees	4,800	4,167	—	—	—
— management emoluments	75,110	82,075	159,483	66,930	50,664
Interest payable	1,517,763	3,377,707	8,316,118	46,311	54,675

The following income is credited within total operating costs:

	Year to 31st Jan. 1973	10 months to 30th Nov. 1973	14 months to 31st Jan. 1975	Year to 31st Jan. 1976	Year to 31st Jan. 1977
Investment income					
— quoted	8,244	12,247	—	—	—
— unquoted	—	11,220	15,700	4,278	—
— from subsidiaries sold (see below)	320,000	—	—	—	—

The agreement for the sale of certain subsidiaries in the year ended 31st January, 1973 entitled the Company to receive dividends of £192,000 equivalent to £320,000 before corporation tax. These dividends were equivalent to the profits of the subsidiaries as shown by their management accounts from 1st February, 1972 up to the date of sale.

- (b) The operating costs for the ten months ended 30th November, 1973 include an exceptional charge of £2,577,445 in respect of the change in the basis of calculating unearned interest on instalment credit lending on an actuarial basis. This charge was calculated on the outstanding balances at 30th November, 1973 and it has not been possible to apportion this charge between the period to 30th November, 1973 and earlier periods.
- (iv) The profit before taxation of £226,892 for the year ended 31st January, 1976 included £331,937 attributable to Planet Gloves (Caerphilly) Limited and its subsidiaries for the nine months ended on that date. The purchase of Planet Gloves (Caerphilly) Limited was completed on 30th January, 1976 and in accordance with the Group's consolidation accounting policy the trading results of Planet Gloves (Caerphilly) Limited and its subsidiaries for the nine months ended 31st January, 1976 have been included in the profit before taxation and then deducted as pre-acquisition profits. The profit of Planet Gloves (Caerphilly) Limited and its subsidiaries before taxation and extraordinary items for the three financial periods before acquisition by the Company were:
- | | Year to 31st Jan. 1973 | 10 months to 30th April, 1973 | 12 months to 30th April, 1974 | 12 months to 30th April, 1975 |
|-------------------------------|------------------------|-------------------------------|-------------------------------|-------------------------------|
| Profit before taxation | £352,563 | £553,959 | £429,379 | £1,439,000 |
| Extraordinary items | (1,439,000) | (1,439,000) | (1,439,000) | (1,439,000) |
| Profit/(Loss) before taxation | (1,086,437) | (885,041) | (1,009,621) | (295,999) |
- (v) By an agreement dated 10th June, 1975 the Company sold its merchant banking activity consisting of Hawtin and Partners Limited and its banking subsidiaries. The profit/(loss) before taxation of this activity included in the tabulation of results above were:
- | | Year to 31st Jan. 1973 | 10 months to 30th November, 1973 | 14 months to 31st Jan. 1975 | Year to 31st Jan. 1976 | Year to 31st Jan. 1977 |
|-------------------------------|------------------------|----------------------------------|-----------------------------|------------------------|------------------------|
| Profit/(Loss) before taxation | £1,569,000 | £1,569,000 | £1,569,000 | £1,569,000 | £1,569,000 |
| Extraordinary items | (1,569,000) | (1,569,000) | (1,569,000) | (1,569,000) | (1,569,000) |
| Profit/(Loss) before taxation | — | — | — | — | — |
- The loss for the ten months to 30th November, 1973 includes the exceptional charge of £2,577,445 mentioned in paragraph 3 (b) above.
- (vi) The charges for taxation in each period are based on the provisions contained in the audited accounts but have been amended to take account of adjustments made and the reallocation of prior year items.
- (vii) Extraordinary items consist of:

	Year to 31.1.73	10 months to 30.11.73	14 months to 31.1.75	Year to 31.1.76	Year to 31.1.77
Loss/(Profit) on sales of subsidiaries	1,558,634	386,480	(1,658,478)	4,322	(7,575)
Provisions and losses on investments	—	—	87,465	—	16,713
Capital gains tax provision no longer required	(110,000)	—	—	—	—
Formation expenses	15,600	24,876	—	—	—
Loss/(Profit) on sale of fixed assets	—	—	(24,396)	8,266	—
Goodwill written off	—	—	2,624,215	—	5,000
Cost of abortive acquisitions	—	—	—	9,332	2,886
Deficit on property revaluation	—	—	—	32,259	—
Costs of capital reduction	—	—	—	—	4,071
Prior year deferred taxation	—	—	60,300	—	—
	1,484,634	411,156	498,866	64,180	27,065

- (iii) Ordinary dividends were declared at the following rates:
- 31.1.73: Interim 8% gross on £2,979,099
Final 17.2% gross (12.04% net) on £2,973,099
- 30.11.73: Interim 8% gross (5.6% net) on £2,983,739
- 31.1.75: —
- 31.1.76: —
- 31.1.77: —

(ix) The calculation of earnings per share is based on the profit attributable to ordinary shareholders after deducting a notional preference dividend where such dividend has not been paid) before extraordinary items and on the average number of shares in issue in each year.

4. BALANCE SHEETS

The net tangible assets of the Company and the Group as at 31st January, 1977 and of the Group at the end of each of the five preceding financial periods are shown below. These are as shown by the relevant audited accounts, but after making such adjustments as we consider appropriate.

The Company 31st Jan.	Note	The Group 31st Jan.	Note	The Company 31st Jan.	Note	The Group 31st Jan.	Note
1977		1977		1977		1977	
£		£		£		£	
CURRENT ASSETS		CURRENT ASSETS		CURRENT ASSETS		CURRENT ASSETS	
Stocks	1,847,873	Stocks	1,847,873	Stocks	1,847,873	Stocks	1,847,873
Debtors	1,771,325	Debtors	1,771,325	Debtors	1,771,325	Debtors	1,771,325
Bank balances and cash	361,899						
	3,981,097		3,981,097		3,981,097		3,981,097
CURRENT LIABILITIES		CURRENT LIABILITIES		CURRENT LIABILITIES		CURRENT LIABILITIES	
Creditors	909,239	Creditors	909,239	Creditors	909,239	Creditors	909,239
Bank borrowings	538,870						
Acceptance credits	578,766						
Current taxation	355,949						
	2,382,824		2,382,824		2,382,824		2,382,824
NET CURRENT ASSETS	1,598,273						
FIXED ASSETS	1,321,308						
Investments	—	Investments	—	Investments	—	Investments	—
Freehold land and buildings at cost	718,704	Freehold land and buildings at cost	718,704	Freehold land and buildings at cost	718,704	Freehold land and buildings at cost	718,704
Plant, equipment and fixtures	232,437						
Vehicles and aeroplanes	208,444						
	1,149,585		1,149,585		1,149,585		1,149,585
Less: Depreciation	(828,277)						
	321,308		321,308		321,308		321,308
NET TANGIBLE ASSETS	£1,462,289						

- Notes:
- (i) The assets and liabilities of the merchant banking division sold subsequent to 31st January, 1975 have not been consolidated at that date. The information not being available and the accounts were prepared to reflect the loss on disposal of this division.
- (ii) The bank borrowings of the Group, as at 31st January, 1977, of £373,378 were secured on properties of the Group.
- (iii) The fixed assets of the Group at 31st January, 1977 were as follows:
- | | Cost or valuation | Depreciation | Net Value |
|-------------------------------------|-------------------|--------------|-----------|
| Freehold land and buildings at cost | 718,704 | — | 718,704 |
| at professional valuation in 1961 | 121,000 | — | 121,000 |
| at professional valuation in 1975 | 163,650 | — | 163,650 |
| | 1,003,354 | — | 1,003,354 |
| Plant, equipment and fixtures | 232,437 | 137,768 | 94,669 |
| Vehicles and aeroplanes | 208,444 | 87,482 | 121,962 |
| | 1,448,235 | 225,250 | 1,222,985 |
- (iv) The loans of the Group, outstanding at 31st January, 1977 were:
- | | £ |
|--|---------|
| Parpetual 4% Debentures | 177,987 |
| Interest free loan, repayable on 31st December, 1978 | 550,000 |
| | 727,987 |
- The interest free loan of £550,000 is secured by the deposit of 50% of the issued share capitals of Planet Gloves (Caerphilly) Limited and the companies now carrying on certain of the businesses acquired, namely Planet Gloves (Industrial) Limited, the Glyme Glove Co. (1964) Limited and P.T.C. Plastics Limited.
- (v) The movement on the issued share capital and share premium account for the five years to 31st January, 1977 were as follows:
- | | Share capital | Share premium |
|--|---------------|---------------|
| Balance at 1st February, 1972 | 3,320,794 | 2,452,877 |
| Year ended 31st January, 1973, issued for cash under an option scheme now expired | — | — |
| Year ended 31st January, 1973, issued in consideration for Commercial Finance Corporation Ltd. | 5,197 | 13,174 |
| Year ended 31st January, 1973, issued for convertible loan stock | 114,450 | 457,800 |
| Balance at 31st January, 1973 | 3,440,441 | 2,923,851 |
| 10 months ended 30th November, 1973, issued for convertible loan stock | 10,650 | 34,845 |
| Balance at 30th November, 1973 | 3,451,091 | 2,958,696 |
| Year ended 31st January, 1977, applied against reserves on reduction of share capital | (1,481,800) | (3,223,170) |
| Year ended 31st January, 1977, issued in respect of loan notes | 200,000 | — |
| Balance at 31st January, 1977 | 2,169,291 | — |
- (vi) At 31st January, 1977 the Group had future capital expenditure commitments of £22,182, of which £8,568 was authorised but not contracted for.

5. ACCOUNTS

No audited accounts for the Company, or its subsidiaries at 31st January, 1977, have been made up for any period subsequent to that date.

Yours faithfully,
SPICER AND PEGLER,
Chartered Accountants.

The Directors,
Hawtin Limited.

26th July, 1977.

Gentlemen,

1. We have examined the audited accounts of Planet Gloves (Caerphilly) Limited, formerly called Planet Gloves (Industrial) Limited, and its subsidiaries which were acquired by Hawtin Limited under an agreement dated 30th January, 1976. We have also examined the audited accounts of these subsidiaries of Hawtin Limited which acquired the businesses carried on by Planet Gloves (Caerphilly) Limited and certain of its subsidiaries following a major re-organisation of the Hawtin Limited group on 1st February, 1976. The accounts examined were for the five years and seven months ended 31st January, 1977, with the exception of the accounting periods ended 31st January, 1976, and 31st January, 1977, when we were joint auditors, the accounts of all periods covered by this report were audited by another firm.

For the purposes of this report, when commenting on the accounting policies and results, all the companies which have and are now carrying on the businesses formerly carried on by Planet Gloves (Caerphilly) Limited and its subsidiaries are referred to as "the Planet Group". This definition has also been used when commenting on the balance sheets since, as explained in paragraph 4, information is only given for the periods ending up to 31st January, 1976.

The turnover and results of the Planet Group for the five years ended 31st March, 1977 arrived at on the basis stated in the notes below were as follows:

HARRISONS & Crosfield chairman

Practice has been... Mr. E. G. HARRISONS AND Mr. G. HARRISONS... Mr. G. HARRISONS...

former deputy-chairman of Lloyds... Mr. John M. Clay, deputy-chairman of Hambros Bank...

Executive changes at Gulf Trading

The company has also appointed Mr. M. J. Thomson as regional vice-president... Mr. D. A. Walls has been appointed secretary of BOW-MAKER in succession to the late Mr. W. C. Ryan...

INCHCAPE INSURANCE HOLDINGS LIMITED
Inchcape Insurance Holdings announce that Mr. Guy Fritchard, a Director of Inchcape Overseas, has been appointed to the Board of Inchcape Insurance Holdings and becomes Chairman of Bain Dawes Overseas Holdings and Bain Dawes Underwriting Management as from 31st July 1977.

WINTON LIMITED

consists of the invoiced value of sales less returns and allowances, excluding intra-group transactions and VAT.
The audited accounts include all manufacturing and operating expenses including depreciation and interest as shown above.

Table with 4 columns: Date, Issued, Amount, Amount unpaid. Rows for 31st March 1974, 1975, 1976, 1977.

ASSETS
Fixed Assets: 1972 £1,267, 1973 £2,367, 1974 £2,700, 1975 £4,481, 1976 £7,777, 1977 £28,099.

Table with 6 columns: 1972, 1973, 1974, 1975, 1976, 1977. Rows for Current Assets, Debtors, Creditors, etc.

Table with 6 columns: 1972, 1973, 1974, 1975, 1976, 1977. Rows for Current Liabilities, Loans, etc.

Table with 6 columns: 1972, 1973, 1974, 1975, 1976, 1977. Rows for Current Assets, Debtors, Creditors, etc.

Table with 6 columns: 1972, 1973, 1974, 1975, 1976, 1977. Rows for Tangible Assets, Loans, etc.

Table with 6 columns: 1972, 1973, 1974, 1975, 1976, 1977. Rows for Share Capital, Reserves, etc.

Loans were free of interest and had no special terms of repayment. The year ended 31st March, 1977.

Yours faithfully, SPICER AND PEGLER, Chartered Accountants.

CAPITAL
The Company considers that having regard to available Bank facilities, the present working capital for its present requirements.

RIES
of the Company, all of which are private companies incorporated in England and Wales unless otherwise stated, are set out below together with their respective nature and issued share capital:-

Table with 4 columns: Business, Date of Incorporation, Issued Share Capital, and other details for various subsidiaries.

In addition to the issued ordinary shares, the following are also held:
111,200 Deferred Shares of £1 each
50,000 Deferred Shares of 20p each

CAPITAL CHANGES

The changes which have taken place in the share capital of the Company and its subsidiaries in the two years preceding the date of these Particulars are as follows:
(a) On 11th August, 1976, the issued Ordinary Share Capital of the Company was by order of the High Court reduced from £2,983,758 8s 6d into 29,837,588 Ordinary Shares of 10p each...

DIRECTORS AND SUBSTANTIAL INTERESTS

The interests of the directors and their families in the share capital of the Company (as shown by the register required to be kept in accordance with The Companies Act 1967) are as follows:-

Table with 3 columns: Name, Number of Shares, Percentage. Rows for F. Hawtin, J. T. Cooper, L. Dovey, etc.

DIRECTORS' SERVICE AGREEMENTS AND INTERESTS IN CONTRACTS

The following are particulars of the Service Agreements of the directors with the Company and its subsidiaries:-
Director J. T. Cooper: Term 5 years from 1.8.77, Salary £16,000 p.a.

LITIGATION
Save for the claim in respect of F. A. Standen & Sons Limited referred to above, the directors are not aware of any litigation or claim of material importance pending or threatened against any of the Company or its Group.

ARTICLES OF ASSOCIATION

The Articles of Association of the Company contain provisions (inter alia) to the following effect:
(a) The holders of the Preference Shares are entitled in priority to any payment of dividend on any other class of shares to a fixed cumulative preferential dividend of 4.5% per annum payable half-yearly on 30th June and 31st December...

GENERAL
(i) Material Contracts: All contracts for the usual warranties and indemnities relating to income tax, estate duty, capital transfer tax, capital gains tax, and corporation tax.

DOCUMENTS FOR INSPECTION
Copies of the following documents will be available for inspection at the offices of Henry Cooke, Lumsden & Co., Arkwright House, Paragon Gardens, Manchester M60 3AH and at City Wall House, 16 Finsbury Street, London EC2A 7DF, during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 31st August 1977.

HOME NEWS

LABOUR NEWS

Critics of new cigarettes attacked

BY STUART ALEXANDER

THE resentment in the tobacco industry over the lack of official support for the introduction of tobacco substitutes in cigarettes flared into open hostility yesterday when Imperial Tobacco blamed mischievous comment for the slow reception given to the new products.

publicly announced strategy on smoking and health. Mr. Mike Daube, director of Action on Smoking and Health, said it was "absolute nonsense" to talk of being mischievous. "Ane suggestion that we are concerned with anything other than the public health is quite deplorable and unjustified," he said.

bought by friends and colleagues. Since then sales have dropped, and a spokesman for W. D. & H. O. Wills, part of the Imperial group, confirmed yesterday that there had been no mass re-orders for NSM (New Smoking Material) cigarettes. This was disappointing but not surprising.

At the same time Rothmans claims it is outbidding the king size versions of Silk Cut with substitutes, and Imperial says it is "not unhappy with the reception which brands containing NSM have had in the market."

The whole industry is waiting anxiously to see a clear pattern emerge from the confusion of the mass launch nearly four weeks ago. But the one word every company had used at one time or another is disappointing.

Grunwick mail boycott may ease

By Nick Garnett, Labour Staff

ANY HOPE Crickwood postal sorters had of general support from other London postal workers for a Grunwick mail boycott appeared last night to have almost completely disappeared.

TASS wants rival union to be expelled from TUC

BY ALAN PIKE, LABOUR STAFF

A MOVE to expel the Engineers and Managers Association from the TUC for its efforts to recruit outside the electricity supply industry has been launched by TASS, the staff section of the Amalgamated Union of Engineering Workers.

Mr. Niven said that to expel the TUC was not something TASS liked doing when a colleague trades union you are entitled to, particularly if it is an accident.

Chemical industry's reasons for success

BY DAVID FREUD, INDUSTRIAL STAFF

THE SUCCESS of the U.K. chemical industry contains lessons which could be applied to other sectors of the economy, according to the Chemical Industries Association.

"We believe, however, that this habit has actually harmed our economy, diminished our will and ability to prosper, and in some cases warped our judgment in matters of legislation and government."

Insurance Bill set for Royal Assent

By Eric Short

THE INSURANCE Brokers (Registration) Bill, which authorises the content and supervision of insurance brokers, completed its passage through Parliament early yesterday morning and is expected to receive the Royal Assent on Friday.



Jobless gap widens

THE RISE in the level of unemployment this month was again larger in the areas where the number of people out of work has been traditionally high, widening the differentials within the U.K.

Wales to start its own air link with Europe

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A NEW small airline, Air Wales, is being formed with an authorised share capital of £1m. to run short-haul air services within Wales and to link the Principality with other U.K. and Continental destinations.

and Swansea and North Wales and Chester, London, Brussels and Brest. Operations with the Chief Minister will start this October.

Maze loyalists' grim warning to prison staff

LOYALIST PRISONERS in Ulster's Maze prison issued a warning yesterday of "drastic action" against prison officers.

A statement issued on behalf of 200 Ulster Volunteer Force and Red Hand Commando prisoners warned that their policy of "no conflict" with prison authorities was now in jeopardy.

Rail passenger income up as freight fears continue

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

BRITISH RAIL'S performance in the first six months of this year has been better than expected on the passenger side, but dangerously close to failure on freight targets.

The overall position—as Mr. Peter Barker, the railways chairman, commented when announcing earlier this month that fares would be pegged until the end of this year—is that British Rail should keep passenger operating costs within the limits of its £320m. annual grant for the second successive year.

New hope in Lucas tool strike

By Arthur Smith, Midlands Correspondent

MOVES WERE announced last night to seek a settlement of the strike by 1,200 Lucas toolroom workers which threatens widespread disruption to the motor industry.

EPTU urges unity 12-month pay rule

BY OUR LABOUR STAFF

THE EXECUTIVE of the country's sixth largest union, the Electrical Power Trades Union, urged yesterday that if any workers breach the rule that there must be a 12-month pay rule between pay settlements such as a "course of action will be open to all groups."

Agreement to study of firemen's work

BY OUR LABOUR STAFF

AGREEMENT has been reached to set up a special working party with an independent chairman to assess the job of the firemen in local authority fire brigades and whether the increasing demands being made on his skill and technical knowledge are being recognised in pay and conditions of service.

Bristow pilots' union alleges spy network

MR. ALAN BRISTOW, chairman of Bristow Helicopters, was advised by his operations director to mount an all-out attack on BALPA—the pilots' union—after more than two-and-a-half years of pressure from Britain's 30,000 firemen.

The memo was written on March 11 this year, one month before the strike of over 500 helicopter charter pilots at Bristow's Aberdeen base which threatened North Sea oil production.

NCB to widen German link

By James McDonald

THE National Coal Board and Saarbergwerke AG, the West German coal-mining company, are in continuing an extended agreement to exchange information and contacts on a wide range of topics, because the agreement has proved so valuable.

Freight complexes 'needed'

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

AT LEAST four, but possibly as many as 12, freight complexes could be needed during the next few years, says the influential Lorries and Environment Committee.

HAMPTON GOLD MINING AREAS LIMITED. Results for the year ended 31st March 1977. Line graph showing Total Income, Royalties, Trading Profit, and Profits after tax from 1973 to 1977.

Two markets

According to the report, two main markets exist for freight complexes: 2m. tons a year of small deliveries travelling more than 100 miles and provision of premises for large distributors seeking new depots either through expansion or rationalisation.

The committee believes that a cautious approach is needed to test the market, but argues that in the long term, freight complexes are commercially viable investments.

Lecturer loses appeal against skirt rule

By Our Labour Staff

MISS MARIANNE SCHMIDT, a 35-year-old lecturer from Leeds, yesterday lost her appeal at the Employment Appeals Tribunal against her former employer, Auslicks Bookshops, who insisted she wore a skirt instead of trousers at work.

Plessey hitch

TALKS BETWEEN Plessey management and the Electrical and Plumbers Trades Union to end the nine-week sit-in at the company's Kirby, Merseyside, plant failed to make any progress yesterday.

Vertical text on the right edge of the page, including 'K', 'A', 'What do you', 'Or keep it', 'the bank', 'ing in the', 'Indeed, at', 'leave an', 'his salary', 'STUDY C', 'ink into th', 'of our b', 'and cont', 'ditioning', 'console a', 'then if the', 'ing, turn c', 'making ster', 'our own v', 'for the mor', 'individual re', 'some say it', 'can their o', 'that is pus', 'JAMES', 'the whee', 'to find a', 'ing compa', 'automatic t', 'assisted st', 'able and re', 'leading ligh', 'radio and', 'ing, a', 'ning, cig', 'and electr

Keep your chauffeur in the style he's accustomed to. At a third of the price.

You are faced with a dilemma. At £20,000 or thereabouts, your present means of transport is extravagant to the least. But its creature comforts are dear to you. What do you do? Bid James farewell. Or keep him, and a tidy sum in the bank, by prudently investing in the luxurious Toyota Crown. Indeed, at £6,056 it would leave ample funds to cover his salary for a number of years.



OUR STUDY ON WHEELS. Sink into the plush comfort of our back seats, light cigar and control your own conditioning from the central console as you gently wind.

Then if the F.T. seems a little taxing, turn on the 3-band seeking stereo radio complete with your own volume control. For the more studious there are individual reading lights.

Some say it's more comfortable than their own home but feel that is pushing credibility far.

JAMES' PERKS.

At the wheel, James will be used to find all his familiar travelling companions: Automatic transmission, power-assisted steering, reclining seats with adjustable and removable headrests, individual reading lights, stereo radio and cassette player, air conditioning, cigar lighter and electric windows.

SAFE AS CASTLES.

The Toyota Crown is unique in having a door locking device that comes on automatically when the car reaches 15 mph.

We've also fitted tinted glass to cut down on glare from the sun and oncoming headlights at night.

Whilst on the subject of lights we have ones that warn of headlamp, tail or stop light failure and low brake fluid, plus hazard warning and rear door warning lights.

And to keep you both comfortably and safely in your

place, there are front and rear seat belts fitted as standard.

Also, for your peace of mind, there's an unlimited warranty of 12 months.

As you can see the Toyota Crown is perfectly equipped for the awesome responsibility of carrying its Very Important Person from A to B.

And it can get you there at a very respectable 20 mpg* and with a performance that gives a top speed of 100 mph*.

But as James would say, "It's always nice Sir, to have that little bit extra in hand."

If you'd like to test drive the Toyota Crown or the Estate version, ask James to take you along to your local Toyota dealer. (James will find them in the Yellow Pages.)

THE NEW TOYOTA CROWN



TOYOTA
Everything keeps going right.

(CORRECT AT TIME OF GOING TO PRESS) INCLUDES CAR TAX, VAT AND SEAT BELTS, BUT EXCLUDES DELIVERY AND NUMBER PLATES. SPECIFICATION SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. *MANUFACTURER'S APPROXIMATE FIGURES. TOYOTA (GB) LTD, 320 PURLEY WAY, CROYDON CR9 4HB. TEL: 01-681 1921. EXPORT AND DIPLOMATIC SALES TEL: 01-680 3350.

FINANCIAL TIMES REPORT

Wednesday July 27 1977

**Seen
any new
tubes lately?**

Whether you're a stockholder or a large end-user you'll notice that the picture has changed recently. Our new ERW tube mill is on-stream producing for both UK and Overseas customers medium sized welded tubes with a diameter range from 60mm to 190mm with wall thicknesses up to 7mm and to specifications from BS 1387 upwards.

And we plan to change the picture again in early August when we commence deliveries to customers of square and rectangular hollow structural sections. For the first time ever the British market will have a UK producer of cold formed sections in sizes up to 200mm x 100mm.

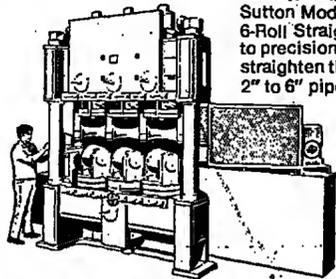
We have capacity, flexibility and an experienced sales team who would be delighted to discuss your requirements. Telephone or write for full information to: Swraj Paul, James Leek, David Bennett, Richard Oliver.

NATURAL GAS TUBES LIMITED
35 Portman Square, London W1H 0AQ.
Telephone: 01-436 1417. Telex: 8811343



Natural Gas Tubes Limited

selected this Sutton Model 620 6-Roll Straightener to precision straighten their 2" to 6" pipe.



Sutton Tube Straighteners for sizes from 1/8" to 26" in diameter are available in the U.K. from Sir James Farmer Norton & Co. Ltd., Salford, Manchester M60 9HH, and worldwide from Sutton Engineering Company, Union Bank Building, Pittsburgh, PA 15222, USA.

SIR JAMES
**FARMER
NORTON**

**SUTTON
ENGINEERING
COMPANY**

**We are pleased to be entrusted by
NATURAL GAS TUBES LTD.**

with the complete design and installation of electrical services to their fine new works at Tafarnabach and wish them every success in this new venture



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INSTRUMENTA-
TION ENGINEERS
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They decided to purchase robust, heavy-duty, reliable equipment, fully automated, chamfering, deburring and facing pipe ends fast and in a continuous operation. We,

TELEDYNE LANDIS, delivered the equipment.

For the very same reason we recommend it to every manufacturer of pipes.

TELEDYNE LANDIS

years of designing, manufacturing and installation experience has resulted in.

PIPE END - FINISHING SYSTEMS

that are both extremely sophisticated and highly reliable.

PIPE END - FINISHING SYSTEMS for

End-Facing, Chamfering, Reaming Threading Socket Screwing-On Automatic Pipe Handling



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Tube mill in Gwent

Natural Gas Tubes' new mill at Tredegar has just come into operation. At full capacity, it is expected to produce 100,000 tonnes a year. Roy Hodson reports.

Welcome in the valleys

MAJOR DEVELOPMENTS in the private sector of the British steel industry have been few and far between lately mainly because of the depressed state of the market at home and abroad but also because of a reluctance to invest at a time of dear money and economic uncertainty.

The opening of a new plant in South Wales devoted to tubes production, and with the home market very much to its backers' minds for its success in trading, is sufficiently unusual to excite interest about the timing, the motivation, and the concept of the project.

The plant is owned by an independent company called Natural Gas Tubes founded by an Indian businessman Mr. Swraj Paul who is the chairman. It is sited on an industrial estate at Tafarnabach, near Tredegar, which already includes a British Steel Corporation sheet coating plant. But the connection between NGT and British Steel goes beyond being good neighbours. NGT will rely heavily upon British Steel for hot-rolled coil from the South Wales strip mills as its raw material. Secondly, NGT, as the plant is worked up into full production, will recruit much of its work force from steelworkers from the Ebbw Vale plant where British Steel is phasing out the open hearth steelmaking side of the works. The plan is to employ more than 100 people.

Harmonious

It is for those reasons that a harmonious relationship appears to have developed between British Steel and NGT from the early days of the tubes mill idea being proposed. Certainly it will be a competitor with British Steel's tubes division; but hardly on a scale likely to injure the division. At best NGT will be making some 180,000 tonnes a year of tubes against British Steel's tubes capacity of approaching 1m tonnes a year.

Against that relatively modest new competitive pressure British Steel sees the

advantages in having a new market for hot-rolled materials handily sited in South Wales. Most important of all to British Steel is the ability of NGT to provide steeling jobs in the Ebbw Vale area. The Corporation is acutely concerned over the problems of placing redundant steelworkers. There are several thousand redundancies yet to come as the closure of the old BSC plants, which are now enjoying a stay of execution at the Government's request, are implemented between now and the early 1980s. It will be a major problem to retain the confidence of the workforce during that period.

Thus the closure of steelmaking at Ebbw Vale works over a two-year period is being regarded very much as a demonstration of British Steel's ability to accomplish such transitions with as little pain as possible. A company set up by the Corporation and called British Steel Corporation (Industry) has the task of encouraging new industry into areas where steel closures are to take place. It is being personally directed by Sir Charles Villiers, BSC chairman.

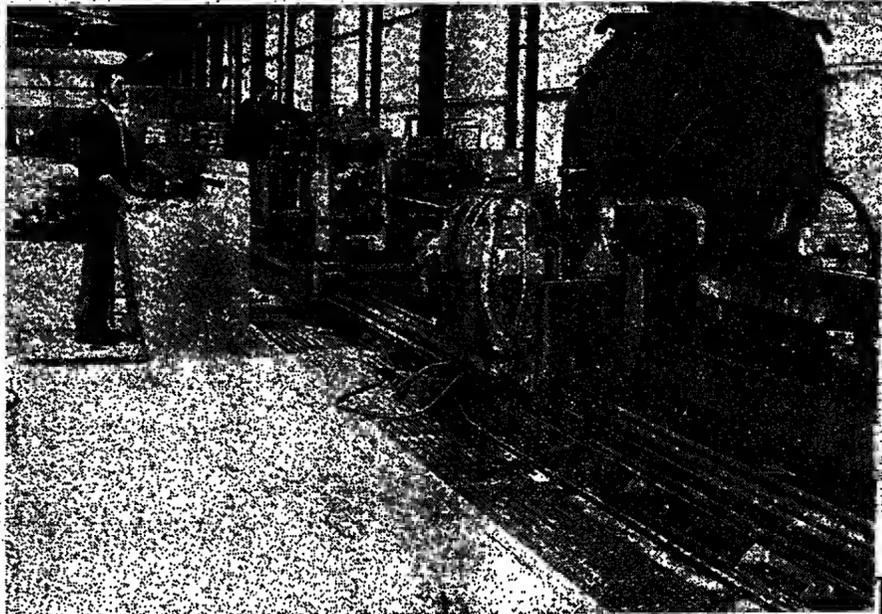
Midwife

That company did its best to act as midwife to Natural Gas Tubes from the start of the project. The need for jobs for steelworkers has had a great influence on Mr. Paul's ability to raise the necessary £5m capital. He has been able to augment the £1m share capital with £2.4m from the European Coal and Steel Community and the Government. The European Coal and Steel Community has powers to lend capital for projects which will provide employment for displaced steelworkers. On that basis NGT was granted a £1m two-year loan.

The Department of Industry has provided a £1.4m loan over seven years. In addition there is approximately £700,000 for NGT in Special Development Area statutory regional grants.

Mr. Paul considers that he was lucky with his choice of site. It met the Government's criteria for providing new industry where it is most needed. It also met his personal assessment as being the most suitable site around Britain for his tubes project. It is near sheet steel-making for his raw materials sources. It has good communications with Heathrow, London, and the South East. And it is in an area where steelmaking and steelworking is a tradition. He mentioned a fourth reason with a smile. "There is something of an affinity between the Welsh and the Indians, which might be traced to the days when there were many Welsh engineers working in Calcutta."

Swraj Paul has been in the steel business all his life through the family company Apeejay-Surrendra which has Indian and international interests in steel, engineering, petroleum and chemicals work. The Institute will shortly be After coming to live in England



After passing through the forming rolls on the left, tubes are cut to size by the circular friction saw on the right.

in the 1960s for personal giving approval for NGT to be reasons, and to handle his group's business, he opened a small tubes plant at Huntingdon employing a handful of men to make tubes by the spiral weld-log method. With that foothold in the tube business he thought he saw a larger gap in the market. Quantities of tubes were being imported. Even British Steel was having to import.

He calculated that there was room for a new tubes producer specialising in certain types and sizes of steel tubes. British Steel's tubes division (formerly Stewarts and Lloyds) had a virtual monopoly in general commercial pipe of the type mostly used for conveying fluids. NGT will benefit from being in that market as an alternative home producer in certain sizes.

Substitution

That need not be damaging to British Steel. In fact NGT expects to win a lot of its business by import substitution. A number of tubes users and stockists in Britain feel obliged to have the security of an alternative source of supply. At present they import largely from Holland and Norway. NGT is planning its market penetration on the assumption that the import business will be vulnerable to an alternative home supply of tubes.

NGT also will be producing high quality pipe—the American Petroleum Institute specification for sale to engineering, petroleum and chemical work. The Institute will shortly be inspecting the new plant before

Another potentially big market for NGT products will be in the mechanical grades of tube (mostly to BS 1775) which is used widely in the conveyor roller market, and for automotive applications.

But NGT regards its "most exciting product" as hollow section tubing of the kind that is increasingly being used in the U.S. to replace sections of conventional tubes. It is of square or rectangular sections. It is finding uses in machinery construction, building construction, materials handling and frameworks for vehicles.

The major producer in Britain is British Steel with hot-finished hollow section tubes. NGT is entering the market strongly with a cold-formed type of tube which is claimed to have a higher tensile strength. At present the cold-formed hollow section tubing used in Britain is imported mainly from Austria. The business amounts to some 2,000 tonnes a month. NGT believes its production could prove to be a market winner against those imports.

Any attempt to forecast accurately when the steel market will revive again must be pure guesswork. But NGT will be well placed to enjoy the next boom when it does come. Mr. Paul says that the costings of the project are such that one good year will make a lot of profit for NGT. Meanwhile he is managing to achieve a very low break-even point on his new plant. The capacity is 100,000 tonnes a year. "But if I can sell 20,000 tonnes a year I will not be unhappy," he says.

**ABBEY ETNA
Pipe and Tube Mills**

Abbey Etna congratulate Natural Gas Tubes Ltd on the successful installation of their new 7XU ERW Tube Mill.

Abbey Etna has been established for well over half a century and is today one of the oldest and most experienced companies making pipe and tube mills. Each Abbey Etna mill is custom-built exactly fit the needs of the customer. It is engineered to handle any type of material and to produce any standard shape of pipe or tube. Many patented features of Abbey Etna mills are helping to speed up production, improve quality and reduce costs in installations throughout the world.



ABBEY ETNA

Abbey Etna Machine Company
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**CONVERT COIL
TO PIPE**

with



spiral welded pipe mills
for manufacturing high quality



PRD congratulate Natural Gas Tubes Ltd who take delivery of a new 50" Spiral Weld Pipe Mill for their Tredegar factory in August.

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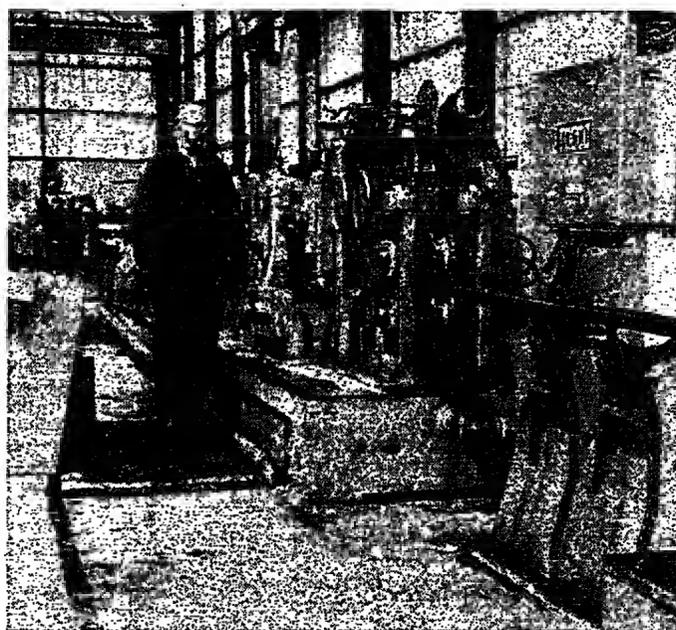
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The tube mill with part of the Toccostat seam annealer on the right

TUBE MILL IN GWENT II

Jobs boost to South Wales

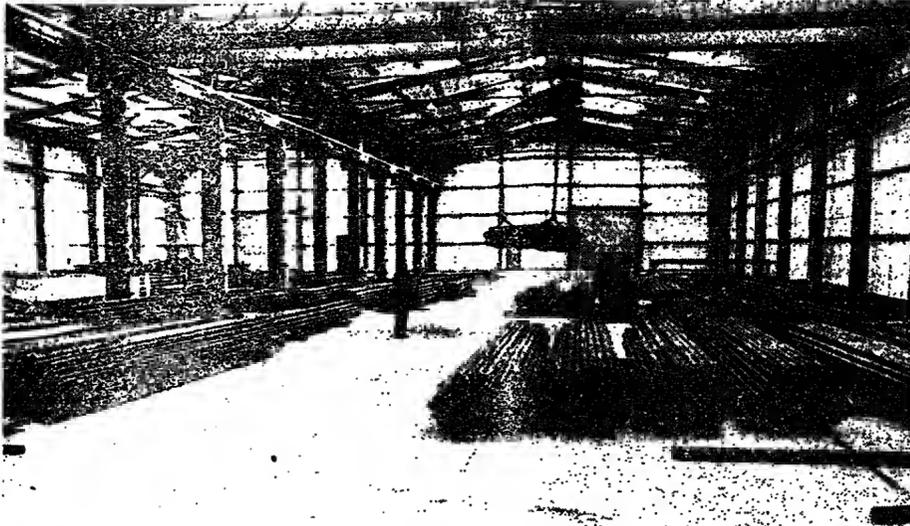
THE INDUSTRIAL regeneration of South Wales is going ahead in spite of the economic recession. The new plant of Natural Gas Tubes, sited in a mining and steelmaking area, is typical of the type of new activity that is being encouraged in order to replace lost jobs in those industries.

Some careful strategic planning by the Welsh Office and the young Welsh Development Agency has resulted in important new investments being made in the infrastructure of South Wales during the last two years at a time when projects have been drying up in many parts of Britain. The M4 motorway will be largely extended through South Wales by the end of this year to provide the all-important link via the Severn Bridge with the South of England and the Channel ports to Europe. Work on three of the remaining sections of the motorway is now well advanced. However, there are still some uncompleted sections and it will not provide a continuous motorway route to west South Wales until the early 1980s.

The immediate importance of the current work on the M4 extensions is that the road will shortly link the Cardiff and mining valley areas, the focal point of the Welsh economy, with England.

The Tafarnaubach industrial estate represents one of the more ambitious attempts to regenerate industrial life. At the early steelmaking plant, Ebbw Vale, steelmaking is being based on and jobs are being created because the open hearth furnaces and old blast furnaces are being replaced by a more modern and efficient process.

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A section of the finished tube store

industry is relying very much upon BSC's muscle as a massive unit together with the Corporation's links throughout industry and with Government, and local organisations. Also, because BSC has a good knowledge of the local manpower on its books, it is in a position to give special help and counsel to employees who will lose their jobs. It is arranging for retraining to meet the specific needs of new

1973 as the Corporation pursues its policy to slim the Ebbw Vale labour force by more than 4,000 in the period up to 1979. New overseas investment in the South Wales area has been making an important contribution to regeneration recently. The American-controlled Hoover company, admittedly no new comer to Britain, has had a big impact upon the Ebbw Vale situation with the expansion of its Merthyr Tydfil plant. Many of the 3,000 new jobs the plant is likely to create will help offset the rundown of the steel industry in the Ebbw Vale area.

However, economic studies of the Welsh industrial scene argue that the pace is likely to slow down after the immediate influx is over.

It is estimated that in all Wales will need 130,000 new jobs during the next ten years and that more than half of them should be in the manufacturing sector of the Welsh economy in order to give the Welsh economy a fair chance to develop at the same rate as the remainder of Britain.

The overhaul of the Welsh steel industry and the running down of such works as Ebbw Vale and Shotton, North Wales, will be accompanied by the expansion of the newer coastal works, Port Talbot and Llan-tydyr, in that climate there would seem to be room for more companies like NGT to settle in Wales within easy reach of the primary steel suppliers, and making use of former steel workers in a part of the country that likes and understands industrial activities based upon investment in steel.

The plant project

LAUNCHING AN advanced steel tubes facility such as the Tafarnaubach plant during an international steel recession gives the company one big advantage. It is free from unassailable commercial pressures to work up production in a hurry. It appears, in fact, that development of the tubing capacity towards the 100,000 tonnes a year finished tubes will be carried over something like a three year period. The labour force will be steadily increased to 100 and two shift working will be necessary when the 100,000 tonnes goal is within reach.

The factory is of 100,000 sq ft in its present form, but there is room for expansion. It would be achieved by adding one or two new bays of 38,000 sq ft each. The plant, as it is

stands, comprises a coil slitting line, the latest type of fully automatic tube welding mill from Abbey Etna of Ohio, United States, and a tube testing and finishing unit.

Hot rolled wide steel strip, mostly supplied through the British Steel strip mills product unit only miles down the road arrives at the plant in coils of up to 16-tonnes. Coils are sorted in a 4,000-tonne capacity area which is sub-divided to distinguish various types of steel. The coil slitter can handle three coils at a time cutting them into required widths which are recoiled and transferred to the plant's stock area.

The tube-making cycle starts proper with the coil strip being loaded on to an automatic ramp. It is fed through a metal inert gas protected automatic end welder. The ends are first trimmed and then welded to one another. The strip is fed

into an underground pit where a 360-foot long loop of the material is held. The strip is drawn from the storage loop by a roll. The first stage of the Abbey Etna tube mill is a forming mill where oil is fed into the inside of the tube. Next is the welding stage where the tube is welded up by an induction 300 kw high frequency induction welder. The tube is bent round by rolls for the welding. No flux is used.

After the weld is deburred the tube passes over a 180-foot long air cooling section. This is followed by a 50-foot quench bath of soluble oil which can either be spray applied or the tube totally immersed.

For the tube that is being produced to the American Petroleum Institute specification—for which the plant is to be inspected later this year—another stage is introduced in the process. A Tocostat 400 kilowatt seam annealer is used to remove any internal stresses in the weld.

The tube produced on this line is from 2-inches up to 7½ inches in diameter. After the welding process it is passed through forming rolls to give the correct diameter. Squaring rolls follow for the square-rectangular hollow sections.

Tubes and sections are cut to size by a travelling circular saw which moves along the mill until it is travelling at exactly the same speed as the moving pipe.

After cutting the tube is straightened and automatically passed on to a Teledyne Landis machine for facing and bevelling the ends. Finally the tube is tested and inspected in a sophisticated section which is to include a Youngstown 3,000 pounds per



Coiled strip is fed into the underground storage loop (centre) and pulled out by a double punch roll to pass into the forming mill

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PARLIAMENT and POLITICS

Two MPs hear Foot plea for House to act wisely

BY IVOR OWEN, PARLIAMENTARY STAFF

IN A SPEECH which won wide approval, Mr. Michael Foot, Leader of the Commons, last night strongly urged the House not to seek to expel or suspend either Mr. Reginald Maudling, the former Conservative Cabinet Minister, or Mr. Albert Roberts, Labour MP for Normanton.

Contrary to normal custom, both MPs, criticised in the report by the Select Committee on the conduct of members over matters relating to their business links with Mr. John Poulson, were not required to withdraw from the House while their positions were discussed.

Both denied that they had been guilty of any improper conduct and indicated that they would prefer to remain in the House while the debate was in progress.

In accordance with precedent, both withdrew from the Chamber after making statements explaining their respective positions, and then, after representations by Mr. Robin Maxwell-Hyslop (C. Tiverton) and Sir Derek Walker-Smith, (C. Hereford), which were backed from all sides, the Speaker, Mr. George Thomas agreed that both Mr. Maudling and Mr. Roberts should be given the opportunity to return to the Chamber and to hear the rest of the debate.

Both occupied seats on opposite sides of the House—on the front bench below the gangway and were able to resume their places in time to hear Mr. Foot contend that they had already suffered sufficient penalty.

It would be enough, he said, for the House to pass a formal motion agreeing with the views expressed by the Committee about Mr. Maudling and Mr. Roberts and to refrain from any further action.

Mr. Foot called on the House to act wisely and intelligently and without a scrap of vindictiveness. There were cheers when he warned: "The House of Commons can operate a liberal form of lynch law. It can act as a mob. Of all mobs, the most objectionable is a sanctimonious mob."

In his statement, Mr. Maudling said that he had been looking forward to the opportunity to speak on the matter for a very long time.

"It is now just over five years since I resigned as Home Secretary and since investigations began into the affairs of Mr. Poulson. They have been long years for me. Throughout that time, I have had to live with



Mr. Reginald Maudling, out for a walk in London before yesterday's debate in which he told MPs: "I have had to live with suspicion, innuendo and with gossip which it has been impossible to dispel."

suspicion, innuendo and with gossip, which it has been impossible to dispel.

"You cannot repudiate charges that are not formulated and you cannot dispose of evidence that is not produced."

Mr. Maudling recalled that in July, 1975, three years after the investigation began, police officers called to see him about an allegation that Mr. Poulson had used bribery to obtain a hospital contract in Malta.

"That accusation had not been mentioned until two years after I had resigned. The simple fact is that if there were such a bribe, I knew nothing about it."

Apart from this, at no time during the whole five years had the police sought any information from him about the affairs of Mr. Poulson.

The Department of Trade who investigated what the Select Committee had described as irregularities in the conduct of companies of which Mr. Maudling was chairman or a director had never approached him for information "at any time from the start to the very end of their investigations."

Mr. Maudling said: "This, I suggest, is a certain measure of the degree in which I was involved in the affairs of Mr. Poulson. The Select Committee had made clear that there was never any suggestion whatever of corrupt conduct on his part."

After listing other matters on which he said that the committee had vindicated him, Mr. Maudling said his only regret was that in extensive Press accounts of the report which had been only referred to suggestions that he might be suspended or expelled from the Commons, Mr. Roberts said: "That has ruined my wife's health. I feel I have been unjustly treated."

He was born and lived in his constituency. "I have not been able to avoid local people. I have had to live with them. They have given me tremendous support in these past few days, sending messages 'we are with you, Albert'."

Mr. Roberts appealed to MPs to give him some guidance on standards. "What standards do I take? I never signed any of the do's and don't's of Parliament. I have been here 28 years. MPs know what type of man I am."

"I have tried to conform as far as I possibly can. I want some lead on what are the standards."

As he ended his speech, Mr. Roberts said: "I think the report has been very unfair. My family does, my friends do, and many of my constituents do. I feel I am completely innocent. If I have done anything wrong, I have done it in my own ignorance."

Mr. Maudling had been questioned "with care and thoroughness" as to whether he could be considered to have received remuneration from the Poulson company. His resignation letter contained the sentence, "I received no remuneration."

There were murmurs of protest from MPs when Mr. Stewart explained the report. "We were publishing a report which was subject to the judgment of the House, with the opportunity for persons to complain there," he said.

Mr. Michael Stewart (Lab. Fulham), Select Committee chairman, said that the committee disagreed with Mr. Maudling on whether he should have declared an interest in the Malta debate.

The former Home Secretary nodded in agreement as Mr. Stewart added: "We leave that to the judgment of the House as to whether our conclusion was the right one."

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ences to the matters on which he had been criticised.

The first criticism of the committee was that he should have disclosed an interest when intervening on matters relating to Malta in 1967.

Mr. Maudling said the reasons he had not done so were stated in his letter to Lord Maybray-King, former Speaker of the Commons.

In his letter, he had stated that there was no question of his deliberately concealing anything, because he had already announced his interest in the hospital on Malta at a Press conference there. He had subsequently drawn it to the attention of the British High Commissioner.

"That I still believe to be a correct statement of the position under the conventions of the House in 1967, Lord Maybray-King then agreed with me," said Mr. Maudling.

There were several points in the report on which he thought the committee had been misinformed. "I was following the guidelines believed to be the rules of the House at the time."

Mr. Roberts said he wanted to draw attention to one or two inaccuracies in the Select Committee's report.

"When he had started to work for Mr. Poulson in 1964, Mr. Poulson was a highly-respected businessman. No one was more highly respected in the North of England. By 1968, his employment with Mr. Poulson was fading out. They were dealing with a period 'in the mist of time'."

Mr. Roberts had no contact with Mr. Corrie except for a few brief words and he knew nothing of the activities of Mr. Maudling.

Mr. Roberts added: "Still, we have been lumped together by the media who have been trying to try us together for bribery and corruption, for over five years."

His voice breaking as he referred to suggestions that he might be suspended or expelled from the Commons, Mr. Roberts said: "That has ruined my wife's health. I feel I have been unjustly treated."

He was born and lived in his constituency. "I have not been able to avoid local people. I have had to live with them. They have given me tremendous support in these past few days, sending messages 'we are with you, Albert'."

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Thatcher attacks jobless figures

YESTERDAY'S unemployment figures were disappointing, the Prime Minister said in the Commons yesterday. But he stressed that he had consistently said that indicators generally were turning in our favour.

This comment brought a challenge from Mrs. Margaret Thatcher, Opposition leader, who urged Mr. Callaghan to accept responsibility for unemployment and to stop "peddling illusions" and all economic indicators are going in the right direction.

Labour backbenchers shouted at the Tories: "There's be 2m if you were in power."

Mr. Callaghan said the figures had been affected by the growth in the workforce, inflation, and the world recession. They showed how far the Government still had to go.

Mr. Peter Figgers (C. Gosport) called for a change of policies or, better still, of Government. Every one of the unemployed represented a personal tragedy.

Mr. Callaghan replied that 315,000 people had benefited from measures like the temporary employment subsidy. He had not heard any suggestions from the Opposition in last week's counter-inflation debate that would have improved these figures.

Thatcher told him that the figures were such as had not been seen in this country since the thirties.

Mr. Callaghan replied that responsibility for unemployment rested with a number of factors. The Government accepted its share. Included in these was the world recession against which British trade was doing "extremely well."

The Prime Minister added: "It will not be in anybody's interest if we pretend there is a magic wand. I have said, consistently, that the indicator generally was turning in our favour."

Replying to Mr. John Mendelson (Lab. Penistone), Mr. Callaghan said: "If we had adopted the Opposition policy, then we would have had a million of people out of work at Leyland and Chrysler."

The House erupted into noise and shouting when Mr. Neil Kinnock (Lab. Bedwelly) belittled Mr. Thatcher's "logical" opposition to equality.

Mr. Kinnock said the historical intention and the future intention of the Tory party was to introduce mass unemployment in the working class. Amid the noise, Mr. George Thomas called for order.

Mr. Callaghan told Mr. James Prior, shadow Employment Secretary, that the Government's policies were succeeding and would be shown to be so. Conservatives shouted protest as Mr. Callaghan said there was a threat to this Government, confidence both at home and abroad, substantially declined.

"I am not going to pretend there is a quick or easy way to solve the unemployment problem. Unemployment was a great challenge to British society."

The Bill will go through all its stages in the Lords tomorrow and will get Royal Assent by the time Parliament rises on Friday.

In the closing hours of the report stage yesterday morning, the Government accepted a proposal by Mrs. Audrey Wise (Lab. Coventry S.W.) that the Government should continue to get child tax allowances in 1977-78.

The House also passed a Government amendment to the regulations which stipulate that a person must work abroad for at least 30 days in order to qualify for a tax reduction on the foreign income which he earns. Week-ends abroad can now count towards the 30 days.

Another Government amendment allowing people working overseas to return to visit their families in Britain without the cost of travel being taxed as a benefit. A person can also travel between two jobs abroad without the expense being taxable.

Finance Bill given third reading

BY JOHN HUNT

THE FINANCE Bill was given a third reading in the Commons in the early hours of yesterday morning, with the Conservatives claiming that it was now fundamentally changed from the one presented to the House following the Budget.

The Government, Mr. Joel Barnett, Chief Secretary to the Treasury, claimed that the basic Budget strategy remained in the Bill and that total levels of tax relief were broadly in line with the Chancellor's original proposals.

Mr. Barnett predicted that by the time Parliament reassembles in November, following the summer recess, the economy will be "well on the way to recovery."

Mr. David Howell, a Conservative Treasury spokesman, told him, however, that the Tories had succeeded in totally changing the legislation. Treasury Ministers, after dismissing increases in the personal tax allowances as "utterly irresponsible," had now accepted them.

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Tories hostile to new devolution proposals

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT'S new proposals on devolution with separate Bills for Scotland and Wales was given a hostile reception by the Tories in the Commons yesterday and received a mixed response from the rest of the House.

The cool and often highly critical remarks of MPs from all parties gave a clear indication that the Government will again face a major battle to get devolution on to the Statute Book in the new session of Parliament which starts in November.

But Mr. Michael Foot, Leader of the House, announcing the new proposals warned: "If Westminster slams the door on further devolution, it could be a great disaster for the U.K. as a whole. We would be heading for the break-up of the U.K."

He interpreted the remarks of Mr. Francis Pym, Tory spokesman, as meaning that the vast majority of Conservatives were innately opposed in any form of devolution. "The Tories have always been opposed to devolution all along. That is what the Conservative Party is seeking to bid."

"It soon became apparent that there was also a great deal of hostility on the Labour benches. Mr. Eric Heffer (Lab. Walton) warned that many Government backbenchers would be no happier with the two Bills leading to the break-up of the United Kingdom than they had been with the one devolution Bill that failed in the previous session."

Begrudgingly and somewhat unconvincedly, Mr. Heffer added that he would be open to persuasion when the new legislation is brought forward.

The latest proposals were welcomed by Liberal leader, Mr. David Steel, whose remarks were greeted with scornful laughter from the Tories.

"From the spokesmen for the Welsh and Scottish Nationalists came warnings that their support would depend on the extent of the proposed devolution."

There was also this matter of the effect on the English regions. Despite the profound constitutional implications of the Government proposals, no conclusions about England were being put before the House.

There would also be great disappointment at the prospect of establishing joint county advisory boards which would be "still further Government bureaucracy being imposed on the people of Wales and Scotland."

There were also demands from the Labour side of the House that a referendum on devolution should be held in Scotland and Wales before the Bills are introduced. But Mr. Foot firmly rejected this, and said that such a move would only be possible after the Opposition front bench, Mr. Pym welcomed the fact that the Government had already accepted the Conservative case for having a separate Bill for Wales.

There were cheers from his supporters when Mr. Pym added: "So far as the assembly for Wales is concerned, we remain opposed to it on the grounds that the people of Wales do not want it."

He argued that the Government was only tinkering with the earlier, ill-fated devolution legislation. It is a case of a minor operation instead of the major surgery that was needed."

Mr. Pym was also warning about the lack of revenue-raising powers for the two devolved assemblies. The Government was now saying that there was no satisfactory way of raising them, separate from the main tax system, with a proposal which they were prepared to finance themselves, then the Government would look at it sympathetically.

From this, Mr. Pym concluded that the separate revenue-raising proposals which the Liberals had insisted were essential, were now considered unworkable and impracticable by the Government. In addition, the Government had ditched the most contentious issue of all—whether there would be a reduction in the number of Scottish and Welsh MPs at Westminster following devolution.

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Mr. Pym was also warning about the lack of revenue-raising powers for the two devolved assemblies. The Government was now saying that there was no satisfactory way of raising them, separate from the main tax system, with a proposal which they were prepared to finance themselves, then the Government would look at it sympathetically.

From this, Mr. Pym concluded that the separate revenue-raising proposals which the Liberals had insisted were essential, were now considered unworkable and impracticable by the Government. In addition, the Government had ditched the most contentious issue of all—whether there would be a reduction in the number of Scottish and Welsh MPs at Westminster following devolution.

There was also this matter of the effect on the English regions. Despite the profound constitutional implications of the Government proposals, no conclusions about England were being put before the House.

There would also be great disappointment at the prospect of establishing joint county advisory boards which would be "still further Government bureaucracy being imposed on the people of Wales and Scotland."

There were also demands from the Labour side of the House that a referendum on devolution should be held in Scotland and Wales before the Bills are introduced. But Mr. Foot firmly rejected this, and said that such a move would only be possible after the Opposition front bench, Mr. Pym welcomed the fact that the Government had already accepted the Conservative case for having a separate Bill for Wales.

There were cheers from his supporters when Mr. Pym added: "So far as the assembly for Wales is concerned, we remain opposed to it on the grounds that the people of Wales do not want it."

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'They have suffered enough'

Mr. Foot said all the three MPs concerned had said they would have liked to have made further representations to the Select Committee before its report was published.

Personally, he still felt it would have been advisable if the Select Committee had adopted that course, but though it was "very probable that the committee would have reported the same conclusion."

Mr. Foot advised: "It would be quite wrong for the House to proceed with expulsion or suspension. It could be that if we don't impose some penalty—expulsion or suspension of an MP could determine what are to be the outcomes of the votes on major matters," he said.

The votes could be decisive in deciding the fate of Governments or the country.

Select Committee would be transformed into a much more highly charged political affair," Mr. Foot said.

The Commons must also "be extremely careful that it does not tamper with the relationship

between an MP and his constituency." It was not the business of the House to lay down such conditions.

"Normally, when the Commons has tried to intervene in such a way... they have tended to make a fool of themselves, so I hope we won't do that here. I believe that the House can act with wisdom and intelligence—and compassion, if that is the proper word in such cases."

"Anyone who tells me there should be a penalty, and that people outside won't understand or suspend it, I think they have suffered enough."

"The House can act wisely and intelligently without a scrap of vindictiveness in this matter," he declared.

Mr. Michael Stewart (Lab. Fulham), Select Committee chairman, said that the committee disagreed with Mr. Maudling on whether he should have declared an interest in the Malta debate.

The former Home Secretary nodded in agreement as Mr. Stewart added: "We leave that to the judgment of the House as to whether our conclusion was the right one."

He also rejected Mr. Maudling's claim that the committee had not raised the question of his resignation letter, later criticised for "lack of frankness."

Mr. Maudling had been questioned "with care and thoroughness" as to whether he could be considered to have received remuneration from the Poulson company. His resignation letter contained the sentence, "I received no remuneration."

There were murmurs of protest from MPs when Mr. Stewart explained the report. "We were publishing a report which was subject to the judgment of the House, with the opportunity for persons to complain there," he said.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

hostile to... tion propos... ash industry's ambiguous attitude to modern machine tools is viewed from two contrasting angles—a small company and a national survey

months after it was use for some years. From the very first, Wentgate has specialised in relatively small-scale welders.

The technical diagnosis may have been faultless, but the only founder who is still at the helm, 40-year-old Richard Trillwood, says Wentgate gradually ran into difficulties because it was too ambitious: he claims it tried to develop too wide a product line for too broad a market in too short a time, and sometimes at an uneconomic price. As a result, he says, it increasingly ran up against short-term cash flow crises.

An entrepreneurial escape from the receiver



Peter Threlfall of Wentgate

Others involved in this complex and still sensitive, event which led up to the appointment of a receiver in September 1975 allege that the main creditors were premature in calling him in; the creditors naturally deny this. Whatever view is taken, however, the story could be that of many a small technology based company which is started by a handful of entrepreneurs but then runs into difficulties.

That Wentgate did not go the same way as many such enterprises is partly thanks to the quality of its products, partly to the insistence of its chief creditors that the receiver should

manage the business while trying to find a buyer—rather than just closing it down—and partly to the unusual character of the purchasers he eventually found.

It took five months for the receiver to find—via a chance meeting between intermediaries—an ideal new owner: a formidably experienced local businessman with an eye for electro-mechanical products and with time and enough money on his hands. Peter Threlfall, aged 61, had retired in March 1975 after 43 years with Pys of Cambridge, the last seven of them as managing director. Although part of the multinational Philips group

since the mid-1960s, Pys continued to be run under his leadership as a collection of small businesses, so the scale of the Wentgate operation was not foreign to him.

The sort of person who, even before he retired, knew he would "have to keep working 12 hours a day to keep me mentally alive," Mr. Threlfall took his son—an accountant in his mid-30s, with industrial experience—plus Pys's former technical director, to examine the proposition. He quickly realised it was what he had been looking for: a reliable product (200 in stalled round the world), and an

impressive list of customers, some of whom had been prepared to place orders during the receivership itself.

After only a fortnight, the two Threlfalls and Mr. Fred Keys, former secretary of Pys, agreed to buy the company, since then Mr. Threlwood, as managing director, has become a joint owner.

The new directors were spared some of the harsh decisions which others have to take in similar situations, because the receiver had started their work for them. He had pruned the product range—including two major development projects

of the 1976/77 financial year that the U.S. company may be given Wentgate moved out of the red, the right to manufacture for its according to Mr. Trillwood, yet local markets. This would pre-tax profits topped £80,000 give Wentgate a 10 per cent for the whole year (to March royalty no further sales, with 31), compared with only £10,000 minimum royalties rising to an in 1973/4, the last year of the annual \$80,000 under the agree- "old company" for which ment results were fully audited.

If the directors have plenty The senior directors' long to smile about, they have one experience at Pys has been major complaint: that—as their reflected in their caution at Went- gate. Not only are they planning industry is proving far more to restrict turnover growth (in reluctant than his overseas com- real terms) to a doubling over petitors to invest in money the next four years, but the the saving machine tools, such as the company is now developing a "bread-and-butter" product which will help cover the overheads of some of the older machines—which, in view of their specialised nature, tend to be "one-off," in that they are tailored to each customer's requirements. With the welders worth an average of £20,000 each, it would be all too easy for such a small company to fall back into a cash flow squeeze.

Financing will be further eased by the new five-year began to re-build stocks as its and Co. Inc. of New Hamp- shire. Mr. Threlfall senior expects Brew to take at least \$250,000 of Wentgate's electron beam welders in the first year. It was only after three months of the deal, and during 1978

At last — an investment league with Britain near the top

news is that 61 per cent of its machinery population is over ten years old, compared with 59 per cent in the U.S. and 39 per cent in West Germany.

One of the messages to come out of the sector working parties which have been hammering out the industrial strategy programme at NEDO is that there is a great deal more production in Japan and Italy, and that the turning industry's existing equipment is not always up to the mark.

The "Metalworking Production" survey shows what has happened already. The index

of industrial production, despite recessions, is at present well above that for 1966 and the extra output is being achieved with 8 per cent fewer people and 22 per cent fewer machines.

Clearly more output is being squeezed from a smaller group of existing machines, and NC must be playing an important part.

While the U.K.'s total number of metal-cutting machine tools grew by less than 1 per cent between 1971 and 1976, NC machines showed an average 9 per cent annual increase in the rate of installation. They now

number 8,725, double the 1971 total.

It took 12 months to carry out the national audit of machine tools. The sample involved 2,256 establishments, between them accounting for about one quarter of U.K. engineering employment. Each of these establishments spent days, even weeks, on the task of identifying, sometimes then carefully classifying, them by the 201 equipment categories adopted for the survey. The age and origin of every machine tool was then recorded within its correct category on

a very detailed six-page questionnaire.

Machine tool population analyses similar to the "Metalworking Production" survey have been carried out in the U.S. by "American Machinist" since 1925. And in recent years they have been introduced in some European countries and in Japan. So some comparisons can be made.

The British machine tool population, as far as age distribution goes, compares quite favourably with West Germany and the States, the two major producer countries. The proportion of all machine tools under

ten years old in the U.K. is 39 per cent, whereas in West Germany it is 37 per cent. In the U.S. it was only 33 per cent when the last census was taken in 1973.

Britain also compares favourably in the number of really old machines—those over 20 years. In the U.K. the proportion is 24 per cent, in Germany it is 26 per cent, and in the U.S. 28 per cent.

Comparison with the French and Italians is more difficult because they use different age analyses. But 34 per cent of all French machine tools are under eight years old and years. This is not surprising in view of the differences in performance and technological would put the proportion less than ten years old at about the same level as in Britain.

per cent of its machinery population is over ten years old. The statistics possibly suggest that updating of machine tools could be a factor in achieving higher labour productivity. Or is it simply that more-efficient companies keep their stock of machine tools more up-to-date?

The highest labour productivity in engineering is in the construction equipment industry, another of the five selected under the industrial strategy. It is somewhat better than average in the age of its machine tool population but there has been an alarming decline in machine tool buying over the past five years—only 14 per cent of its machine tools are under five years old compared with 25 per cent bought in the previous years.

Other industries, with old machine tools include the local motive and carriage group, industrial engines (one of the sectors chosen for special attention under the industrial strategy programme) and aerospace.

Low average machine tool ages are found in wire and wire manufacturing, electronics and telephone equipment, agricultural machinery and mechanical handling.

The Fourth Survey of Machine Tools and Production Equipment in Britain, Metalworking Production, £10.

Unions promote tripartite 'pop festival'

Since 1975, most recently last month, looks set to become a permanent addition to the already overcrowded landscape of European institutions.

Views about it are sharply divided. One U.K. Conservative MP, Mr. Ralph Howell, has tabled a motion in the European Parliament calling for a re-examination of the tripartite conference which he sees as "heralding the arrival of the corporate state in the Community" with results that "would be economically disastrous and politically dangerous." Few that is, unions and even by some of its proponents snorer for "quad" had been called a "loud noise" and highly yearly inter-

The format of the conference lends itself to the latter view: some 100 delegates get together for about eight hours once a year and read set speeches at each other. Nor have its results been exactly startling. Last year the conference adopted the goals of full employment, annual 5 per cent GNP growth and inflation of 4.5 per cent—all to be attained by 1980. The well-trodden school of cynics was proved right by the admission last month by all parties to the conference that the Community was far off course in achieving this.

The U.K. Chancellor, Mr. Denis Healey, who chaired this year's conference, was forced to concede that last year's goals "no longer had the same status as targets."

It is clearly going too far to see in these tripartite conferences the making of a "European social contract"—with commitments by employers and governments to increase private and public investment and reduce unemployment, and commitments by European unions not to push wage claims too far and thus fuel cost push inflation.

On the other hand, Mr. Healey did single out as positive points from last month's gathering an increasing recognition by unions of the dangers of inflation that could accompany over-hasty expansion, and recognition by governments and employers of

the value of direct labour market measures like job creation programmes.

The unions, particularly the European Trade Union Confederation (ETUC), have provided the impetus for the holding of these tripartite conferences. Rising unemployment has given edge to the unions' enthusiasm.

In recognition of this union concern, two out of the three main areas in which the last month's tripartite promised follow-up study were work sharing measures such as cutting the number of hours worked, a higher school leaving age, and earlier retirement, and second, investment that would create jobs rather than destroy them.

For precisely these reasons, the tripartite is anathema to some employers. The CBI in particular is concerned that the high tripartite will become more frequent than once a year, and that it will develop into sectoral approaches to industry. Its hope seems to be that if ignored the tripartite leviathan will go away: last month in Luxembourg it pitted its local Brussels representative against the TUC secretary general. However, not all regard the tripartite in the same way. Such leading lights as Guido Carli and Jacques Ferry, head of the French patronal attended, and Unice, the European employers association, put in a useful paper on the need to restore profitability and to recreate the right conditions for private investment.

Brussels commission officials see the tripartite as a useful way of putting backdoor pressure on national governments. Not that it is under any illusion that this can produce short term results. The wide economic pattern was set for this year at the western economic summit in London in May, and the tripartite was hardly likely to change that. EEC officials are not averse to more planning of investment at the European level. They point out the present imbalance in the Commission's regional policy, whereby financial incentives from its regional and social funds, to parallel in the little Neddies that exist in the U.K. Only in the actually to control what companies do. But they warn against any attempt to try to turn the tripartite, or any of its possible future offspring, into a multinational bargaining forum. Wage differentials in the EEC, they stress, must stay as long as national rates of inflation vary so much.

National governments have fought against attempts by the ETUC to put them in the dock in the tripartite conferences. In particular they refused to search their souls, as the ETUC had requested them, by producing a check list, for last month's conference, of the national measures on employment they had taken during the last year.

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Trenchantly

If and when unemployment ceases to be the chief worry of the unions, it is still reasonable to suppose that they would favour continuing these tripartite gatherings. Partly, they feel it is a natural extension of the role that national unions have come to play in EEC member States. It is also noteworthy that the ETUC has made a point of conferring with the president of the Council of Ministers three times a year just before summits attended by EEC Heads of Government. But the ETUC would also like to see the big tripartite spawn a number of mini-tripartites for various sectors of the economy and industry. An obvious parallel is the little Neddies that exist in the U.K. Only in the actually to control what companies do. But they warn against any attempt to try to turn the tripartite, or any of its possible future offspring, into a multinational bargaining forum. Wage differentials in the EEC, they stress, must stay as long as national rates of inflation vary so much.

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FINANCIAL TIMES

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Wednesday July 27 1977

Tactics all the way

THE GOVERNMENT'S attempt to salvage a devolution policy from the ruins of the Bill that was lost on a guillotine motion in the House of Commons in February will be judged on two quite different levels. The first will be the essentially tactical question of whether the arrangements now being offered will have any better chance of finding a majority. The other is whether the provisions of the revised settlement will provide for a stable system of devolution and so resolve the issue at least for several years to come. In the long run this is by far the paramount test but at this stage tactical considerations will inevitably have exercised the greater influence upon Ministers' minds.

Passionate views

For the probability is that the Government may not have persisted thus far were it not for the need to sustain the Lib-Lab pact and the fear that, unless some concessions were made to nationalist aspirations, they would lose more traditionally Labour seats to the Scottish Nationalists at the next General Election. As the same time the debate outside Scotland about devolution as such has tended to become an argument between, on the one hand, those who feel that, in the absence of concessions to nationalist feelings, a period of tension would inevitably lead to the break-up of the U.K. and, on the other, those who believe that any concessions will lead to demands for more. The fact that the two major parties are split, and the fact that the Government has a bare hold on the House of Commons—all these factors have helped to introduce considerations of expediency.

Having lost one Bill, the Government has now decided to offer a further batch of concessions designed to win new friends without losing existing ones. The decision to have two separate Bills, one for Scotland and the other for Wales, eases one possible source of difficulty and the decision to have a free vote for Labour MPs on proportional representation clears away another. At the same time, the Government has said it is willing to discuss proposals from the Scottish Assembly for independent revenue-raising powers, although it is clearly doubtful whether practical proposals can be devised, and it will also discuss the idea of negotiating a formula to determine the size of the Assembly's block grant for four years at a time.

Future trouble

Whether Ministers have hit upon a set of proposals that will endure is another question altogether. They may believe they have now devised a less arbitrary division of powers between the Assembly and Parliament, and, if a PR system of voting is adopted, there may be fewer chances of a major confrontation between the two. But the offer to discuss tax-raising powers later on and to negotiate the block grant on a four-yearly basis could well store up trouble for the future, and suggests that Ministers have not yet found a satisfactory way of inserting a devolved government into a unitary system. The trouble is that, for a variety of reasons, tactical considerations have all too often dominated the Government's handling of the devolution issue, which is not the way a question of such constitutional and historic importance should be decided.

Unemployment at new peak

ONCE again, the chief reason for a very sharp rise in the gross unemployment level—it has now reached 1.6m, or 6.8 per cent. of the U.K. labour force—is the addition of some 100,000 school-leavers to the register. This particular development was so well expected that Mr. Booth announced at the end of last month a new package of measures designed to deal with unemployment among the young. Although it will not be producing its full effect for another twelve months or so, this package has been generally welcomed because the problem it seeks to solve is coming to be regarded as a structural, not only a cyclical one. It is likely to be more intractable in this than in many other industrialised countries, moreover, partly because of the relatively light emphasis hitherto placed on vocational training in schools, partly because the population of working age will grow steadily until the mid 'eighties through a relatively large influx of school leavers.

But a large number of the school leavers now on the register will find work (or go back to school) within a relatively short time. The immediately disturbing fact about the latest unemployment figures is the underlying trend, obtained by leaving school leavers aside and making allowances for normal seasonal changes. This shows a very large increase for the second month running.

Average rise

In the months February-May, the recorded underlying trend of unemployment actually fell. This was difficult to reconcile with what was known from other indicators about the very slow growth of the economy, and it was not altogether surprising that the June figure showed a rise much more than large enough to cancel out the drop of the previous four months, even after allowing for known special factors. At the same time, the number of unemployed job vacancies, which had been rising, fell back. One month's figures in themselves are never a safe basis for judgement, but these at least had the advantage of greater plausibility than those that had preceded them.

OECD forecast

It is probably safer for the time being to concentrate on this average figure rather than on the very high figures for the past couple of months. The steady upwards trend implies difficulties enough of its own, especially since it is by no means confined to this country. The latest report on the outlook by the Organisation for Economic Co-operation and Development, pointing to the hesitancy of the business recovery and hinting at the need for stronger measures to stimulate demand by members best placed to introduce them, suggested that unemployment in the U.K. would continue rising throughout the first half of 1978. Mr. Booth was presumably aware of this when he said yesterday that we should need to make substantial progress in the rest of the year if 1977 were not to go down as the worst for unemployment since the war. He might well have made the point that, if wage settlements are excessive and if the Chancellor sticks to the monetary targets he has recently reaffirmed, 1978 could be worse than 1977.

Finance Bill

EARLY YESTERDAY morning the 1977 Finance Bill completed its Report Stage in the House of Commons—nothing up a record in the process.

No Finance Bill, at least since the war, has been subject to so many alterations of importance to the tax payer in its progress through the House of Commons. It now goes to the Lords for a formal reading but cannot be changed.

The changes made in the Commons range from such fundamental matters as a qualified commitment to indexation of personal tax allowances from next year, new rates of personal and other allowances for this year, revised rules for people working abroad and for taxing fringe benefits, several promises to take action next year, and a surprising decision not to allow the Special Tax Commissioners to publish selected reports of their decisions.

The Government's acceptance of the principle of indexation of personal tax allowances was reluctant but was forced on it by its minority position in parliament. Amendments originally tabled by the Conservatives had been passed in the Finance Bill Standing Committee on the same night as the Committee voted against the Government to support increases in personal allowances which was tabled by two Labour backbenchers, Mr. Jeff Rooker (Perry Barr), and Mrs. Audrey Wise (Coventry South-West).

The relevant sections of the Act now go on to say that the figures for 1978/79 shall be changed by not less than the percentage movement in the Retail Prices Index for 1977, and similarly for subsequent years. There are two qualifications: the allowances could go down as well as up, but they are not to be reduced below present levels. The second proviso enables the Chancellor to order a level below that produced by the RPI formula, so long as he can get his Order approved by the House.

Mr. Healey did not let the Rooker/Wise figures stand. In his Budget the allowances for a married man was to be £1,225 (£1,035 in 1976-77); the Rooker and Wise amendment made it £1,270; the Chancellor's proposal accepted at the Report Stage was for £1,295. The allowance for a single man in the Budget was to be £805 (£735); the Rooker and Wise amendment was for £860; and his revised proposal was for £845.

His justification for these revisions was that his final figures maintained the thrust of his original Budget strategy of giving greater benefits to families at the expense of single people. The Chancellor's pack-

Finance Bill

age announced on July 15 also included the reduction in the standard rate of tax from 35 to 34 per cent.—the two elements together being described as a way of benefiting the lower paid rather than those on higher incomes.

The Chancellor says that had his Budget proposals stood, a married man with two children under 11, earning £3,000, would have had a threshold of £1,591, and would therefore have paid tax at 33 per cent. on £1,409 which is £485. The increase in the married man's allowance takes his threshold up to £1,661, and tax at 34 per cent. then only takes £495. The July 15 package improved the position of the £3,000 a year man more

exemption needed to show that he had spent 30 "qualifying days" outside the U.K. The relief then given to him was exemption from tax on 25 per cent. of his earnings for the part of the year spent abroad. The calculation of that part was not related to the qualifying days, but to days defined in a different way. The Treasury has now rewritten the rules. There is only one definition of day, which counts into the 30 needed to trigger the relief, and then also counts as part of the proportion of earnings on which the 25 per cent. exemption can be claimed.

The new qualifying day is a day at the end of which the individual concerned is out of the U.K., this presumably meaning being off U.K. soil immediately before midnight and also being outside territorial waters, and airspace over either. There are three further requirements, any one of more of which will make a day into a new qualifying day. The most obvious is that of being a day substantially devoted to working duties outside the U.K. A day spent travelling for the purpose of the performance of those duties also qualifies, and the third of the requirements brings in intervening week-ends. A day which is one of at least seven consecutive days spent outside the U.K. for the purposes of employment—so long as those days taken as a whole are substantially devoted to working duties abroad—is now a qualifying day. These changes make the relief easier to understand and easier to administer. Thirty qualifying days entitle the employee to relief and the relief is a 25 per cent. exemption on 30/365ths of his earnings.

The rules for deduction of expenses relating to overseas employment are also altered. The simplest case is that of the man who has a job requiring him to work wholly abroad. He can deduct from those earnings his expenses travelling to and from the U.K., and he can also deduct the cost of board and lodging while abroad, even if the employer pays a salary inclusive of living expenses. The Treasury gave an undertaking to look at the definition of board and lodging, so that a set of rules could be devised which would be both workable and fair.

The second category of employees are those who have two or more concurrent jobs, where not all of the duties have to be performed abroad. They are now given a simple rule that travelling expenses from one job to another are deductible from

the earnings of the job at destination. The man with a single employment has, of course, always been entitled to a deduction for travelling costs if his employer requires him to work sometimes in one place and sometimes in another.

Rationalising legislation on benefits in kind seems an endless task. It was never intended that travel vouchers for the armed forces going on leave should be taxable, and they have now been exempted. Mortgage interest relief has also been extended to people buying homes, for instance, for retirement, even though their jobs require that they currently live elsewhere. This particular relief parallels that already provided for capital gains tax purposes. The exemption of a gain on disposal of a sole or main residence covers a gain on the retirement home despite the employees having been prevented by his job from living in it.

One very surprising amendment was made to the Finance Bill in Standing Committee. The original clause 46 empowering the Special Commissioners of Income Tax to publish reports of their decisions was removed from the Bill. This proposal had originally been widely welcomed and recognised as stemming from the 1975-76 Annual Report of the Council on Tribunals. This body suggested a review of the status and function of the Special Commissioners and one of the elements of that review was the proposal for publication of selected decisions.

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Finance Bill

as amended at report stage

Something of a record

THE GOVERNMENT'S attempt to salvage a devolution policy from the ruins of the Bill that was lost on a guillotine motion in the House of Commons in February will be judged on two quite different levels. The first will be the essentially tactical question of whether the arrangements now being offered will have any better chance of finding a majority. The other is whether the provisions of the revised settlement will provide for a stable system of devolution and so resolve the issue at least for several years to come. In the long run this is by far the paramount test but at this stage tactical considerations will inevitably have exercised the greater influence upon Ministers' minds.

Passionate views

For the probability is that the Government may not have persisted thus far were it not for the need to sustain the Lib-Lab pact and the fear that, unless some concessions were made to nationalist aspirations, they would lose more traditionally Labour seats to the Scottish Nationalists at the next General Election. As the same time the debate outside Scotland about devolution as such has tended to become an argument between, on the one hand, those who feel that, in the absence of concessions to nationalist feelings, a period of tension would inevitably lead to the break-up of the U.K. and, on the other, those who believe that any concessions will lead to demands for more. The fact that the two major parties are split, and the fact that the Government has a bare hold on the House of Commons—all these factors have helped to introduce considerations of expediency.

Future trouble

Whether Ministers have hit upon a set of proposals that will endure is another question altogether. They may believe they have now devised a less arbitrary division of powers between the Assembly and Parliament, and, if a PR system of voting is adopted, there may be fewer chances of a major confrontation between the two. But the offer to discuss tax-raising powers later on and to negotiate the block grant on a four-yearly basis could well store up trouble for the future, and suggests that Ministers have not yet found a satisfactory way of inserting a devolved government into a unitary system. The trouble is that, for a variety of reasons, tactical considerations have all too often dominated the Government's handling of the devolution issue, which is not the way a question of such constitutional and historic importance should be decided.

Unemployment at new peak

ONCE again, the chief reason for a very sharp rise in the gross unemployment level—it has now reached 1.6m, or 6.8 per cent. of the U.K. labour force—is the addition of some 100,000 school-leavers to the register. This particular development was so well expected that Mr. Booth announced at the end of last month a new package of measures designed to deal with unemployment among the young. Although it will not be producing its full effect for another twelve months or so, this package has been generally welcomed because the problem it seeks to solve is coming to be regarded as a structural, not only a cyclical one. It is likely to be more intractable in this than in many other industrialised countries, moreover, partly because of the relatively light emphasis hitherto placed on vocational training in schools, partly because the population of working age will grow steadily until the mid 'eighties through a relatively large influx of school leavers.

But a large number of the school leavers now on the register will find work (or go back to school) within a relatively short time. The immediately disturbing fact about the latest unemployment figures is the underlying trend, obtained by leaving school leavers aside and making allowances for normal seasonal changes. This shows a very large increase for the second month running.

Average rise

In the months February-May, the recorded underlying trend of unemployment actually fell. This was difficult to reconcile with what was known from other indicators about the very slow growth of the economy, and it was not altogether surprising that the June figure showed a rise much more than large enough to cancel out the drop of the previous four months, even after allowing for known special factors. At the same time, the number of unemployed job vacancies, which had been rising, fell back. One month's figures in themselves are never a safe basis for judgement, but these at least had the advantage of greater plausibility than those that had preceded them.

Finance Bill

age announced on July 15 also included the reduction in the standard rate of tax from 35 to 34 per cent.—the two elements together being described as a way of benefiting the lower paid rather than those on higher incomes.

The Chancellor says that had his Budget proposals stood, a married man with two children under 11, earning £3,000, would have had a threshold of £1,591, and would therefore have paid tax at 33 per cent. on £1,409 which is £485. The increase in the married man's allowance takes his threshold up to £1,661, and tax at 34 per cent. then only takes £495. The July 15 package improved the position of the £3,000 a year man more

exemption needed to show that he had spent 30 "qualifying days" outside the U.K. The relief then given to him was exemption from tax on 25 per cent. of his earnings for the part of the year spent abroad. The calculation of that part was not related to the qualifying days, but to days defined in a different way. The Treasury has now rewritten the rules. There is only one definition of day, which counts into the 30 needed to trigger the relief, and then also counts as part of the proportion of earnings on which the 25 per cent. exemption can be claimed.

The new qualifying day is a day at the end of which the individual concerned is out of the U.K., this presumably meaning being off U.K. soil immediately before midnight and also being outside territorial waters, and airspace over either. There are three further requirements, any one of more of which will make a day into a new qualifying day. The most obvious is that of being a day substantially devoted to working duties outside the U.K. A day spent travelling for the purpose of the performance of those duties also qualifies, and the third of the requirements brings in intervening week-ends. A day which is one of at least seven consecutive days spent outside the U.K. for the purposes of employment—so long as those days taken as a whole are substantially devoted to working duties abroad—is now a qualifying day. These changes make the relief easier to understand and easier to administer. Thirty qualifying days entitle the employee to relief and the relief is a 25 per cent. exemption on 30/365ths of his earnings.

The rules for deduction of expenses relating to overseas employment are also altered. The simplest case is that of the man who has a job requiring him to work wholly abroad. He can deduct from those earnings his expenses travelling to and from the U.K., and he can also deduct the cost of board and lodging while abroad, even if the employer pays a salary inclusive of living expenses. The Treasury gave an undertaking to look at the definition of board and lodging, so that a set of rules could be devised which would be both workable and fair.

The second category of employees are those who have two or more concurrent jobs, where not all of the duties have to be performed abroad. They are now given a simple rule that travelling expenses from one job to another are deductible from

the earnings of the job at destination. The man with a single employment has, of course, always been entitled to a deduction for travelling costs if his employer requires him to work sometimes in one place and sometimes in another.

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By DAVID WAINMAN and MICHAEL LAFFERTY

Finance Bill

(£1,035 in 1976-77); the Rooker and Wise amendment made it £1,270; the Chancellor's proposal accepted at the Report Stage was for £1,295. The allowance for a single man in the Budget was to be £805 (£735); the Rooker and Wise amendment was for £860; and his revised proposal was for £845.

His justification for these revisions was that his final figures maintained the thrust of his original Budget strategy of giving greater benefits to families at the expense of single people. The Chancellor's pack-

The most interesting Treasury change of heart on indexation is one which is not to be found in this year's Finance Bill. Mr. Joel Barnett has given an undertaking to consider, and attempt to deal with in next year's Bill, proposals for indexing Capital Gains Tax. This would probably not be a strict indexation, so much as a tapering of the tax rate for assets held for longer than a stated period.

A second group of Report Stage amendments relate to the tax reliefs for those working abroad—those referred to in Mr. Healey's original announcement in December 1976 as being "at the sharp end of exporting" in the Bill as originally drafted, a man entitled to the 25 per cent.

MEN AND MATTERS

Get that heart beat

What would you do if your company had just invented the world's first machine to monitor the heartbeat of unborn babies and you wanted to get the message across? That was the problem facing Ronald Cowan, chairman and managing director of one of Britain's desperately few high technology, high export private companies, Sonicaid Limited, when he went to a Berlin medical equipment congress nine years ago.

The answer was to plug in the sound picked up by his ultrasonic foetal heart monitoring equipment and magnify it through powerful loudspeakers. It was a technique which led to the signing up of several agencies in Western Europe—including the highly successful West German agency run by Walter Kranzbuehler.

Cowan, formerly a Royal Navy engineer, set up the Bognor Regis-based company back in 1963 and built it up to its present turnover of around £5m., of which exports account for roughly 75 per cent. The latest invention is an ultrasonic three dimensional scanner whose £300,000 development cost has already been paid from profits made out of existing products.

The advantage of ultrasonic scanners, according to Cowan, is that they do not use potentially dangerous X-rays while the 3D capacity makes it a useful diagnostic tool in solving what he described as "the difficult trigonometrical problem" of locating, for example, small tumours.

One machine is now going off to the States for evaluation by John Hopkins University Hospital prior to a big marketing operation in North America "east of the Mississippi." This will be organised by their

wholly-owned U.K. subsidiary, headed by a Yorkshireman who, Cowan admitted, probably "earns more out there than I do." Even the British Embassy in Washington is holding a special promotional event in November which should give Peter Jay an excellent chance to warm up his promised "British is Best" act.

Hush-hush

Since Ian McIntyre took over as Controller of Radio Four less than a year ago there has been an almost permanent row at Broadcasting House over his proposed changes in the coverage of current affairs. Already some of his ideas are beginning to take shape, in particular his revamping of the early morning "Today" programme, but they have been bitterly opposed by most of his senior colleagues.

Now it seems as if McIntyre cannot hear to even have his ideas discussed before implementation. He is apparently very sour that his ideas to alter the influential "Financial World Tonight" programme were subject to severe criticism. He eventually decided however to keep the programme intact, but moved it to a spot 15 minutes later.

Last Thursday I reported on McIntyre's proposals to introduce a new financial programme on Sunday mornings to be titled "Moneybox." It was planned that it should begin in October and run for half an hour from 11.00 to 11.30.

So furious was McIntyre and the BBC hierarchy that the ideas had "leaked" out that there were now threats to remove it from the schedule. Last night the BBC also went further and banned a freelance journalist suspected of being responsible for the leak from ever again appearing on news programmes. But even this action seems unlikely to placate the per-



"It's very hard to kick the habit of trying to make a profit."

Arab news

Just out on the bookstalls is yet another Arabic-language weekly, published in London—al-Dastour ("the constitution"). It joins the weekly, al-Arab ("the Arabs") which has been foundering somewhat since it first came out in June. The new arrival takes the battles of the exiled Beirut press one step further.

Al-Arab had Libyan links. To figure out what al-Dastour is all about look no further than the back for a come-to-sunny Iraq tourist advertisement and the front for a picture of Dr. George Habash, the leader of the extreme Popular Front for the Liberation of Palestine, who is interviewed exclusively inside. The weekly's editor, Ali

Ballot, started al-Dastour in Beirut and operated there until December, when the Syrians, never friends of Iraq, forced him out. He took temporary residence in Paris while making preparation to move here. The move and preparations have cost £250,000 (thank you Baghdad) and during his exile, circulation has risen from 27,000 to 35,000. Where al-Dastour hopes to succeed, and where al-Arab has been doing badly, is that the former already had assured readership in the Arab world (mainly Iraq, Libya, and Algeria) while the latter has had to start in Europe from nothing.

There are meanwhile, still more Arab publications in the pipeline. The most serious, expected this autumn, is from Portico Publications, headed by Riad al-Rayyis. It will be another weekly. Originally it was to have been called Al-Umma (roughly, the Islamic community), but the publishers then decided that this might be interpreted as incorporating a religious slant which it will not, in fact, have. It is now expected to be called al-Manar, a subtle play on words in Arabic, which can mean either lighthouse or minaret. Also waiting in the wings is a daily planned for October by Mohammed Zein, who comes from Aqaba but is now a Kuwaiti national, and who used to be the chief reporter on Kuwait's largest daily, al-Siyas.

Me?—I'm walking

A colleague who was standing in a queue at the ticket office on Waterloo Station last Saturday was suddenly nudged in the back by a middle-aged woman who smiled sweetly at him and said, "Do you mind if I go first? I want to catch a train."

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FINANCIAL TIMES SURVEY

Wednesday July 27 1977

BIRMINGHAM

The problems of the motor industry have seriously blighted Birmingham's post-war success story. The city's strength lies in its diversity of employment and skills and it is determined to create an environment for new growth.

mind

is now the nation's second city with a population of 1.2m. Known as the "town of 1,500 trades," it grew prosperous on its own spirit of initiative in an era when Birmingham, like Britain, became the workshop of the world.

To-day the complaint is that the city is being strangled by its own success. With its modern three-lane motorway system and garish office blocks and shopping centre, it has become the symbol of the post-war motor car era.

But the unparalleled prosperity of those days suffered a nasty jolt in the wake of the 1973 energy crisis and the collapse of the British Leyland empire.

Carried along by the export achievements of its motor industry and dependent component supplies, Birmingham was considered fairly safe from the vicissitudes of the international trade cycle. But, as Mr. Bosworth and leaders of all the political parties in the city will never tire of recounting, this was the period when Birmingham slipped from its position of ascendancy not only within the Midlands but within the nation as a whole.

The concern of Whitehall and Westminster to take investment and jobs to the assisted areas of the country meant that Birmingham was starved of the funds and technology-based industries. For so long regarded as able to export job opportunities to the less advanced regions, Birmingham was deprived of the indigenous growth necessary to create a broad-based local economy.

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CONSERVATIVE-cons Birmingham City elected on a programme of public expenditure value for money. ave struck the mood cent. In power for 9 months, it has con- e major reviews of ed carried out such tal reform of its t techniques that it ble to declare its ear chief executive
Mr Neville Bosworth, the old leader of the mingham was starved of the funds and technology-based industries. For so long regarded as able to export job opportunities to the less advanced regions, Birmingham was deprived of the indigenous growth necessary to create a broad-based local economy.



Investing in the future. The Kitwell Junior and Infant School in Birmingham.

Even now, Birmingham has been a shift in government opinion over the past few years. The message has penetrated the Whitehall mind. There is still widespread suspicion of state- mented by Cabinet Ministers that the problems of the inner city areas.

No matter how many declarations are made to the effect that such urban problems have been switched from the development of overspill towns, such as Redditch, Telford, and Daventry, towards encouraging new job opportunities within the city.

In less than a decade opinion within Birmingham itself has been transformed. From being scepticism, there has clearly

one of the pioneers of clearance and urban redevelopment—and the empty office blocks bear testimony to this—the accent is now upon rehabilitation and community development.

The scale of the problem should not be underestimated. Birmingham displays all the features highlighted in the recent Government white paper, "Policy for the Inner Cities."

There is comparatively high unemployment, a mismatch between the skills of people and the kind of jobs available. The city has suffered a loss of employment in traditional indus-

setting up of an urban renewal unit. The city insists that it already has the framework for translating proposals into positive action but what it lacks is the resources. In the words of Mr. Reg Hales, Chairman of the Environmental Health Committee, there is a need for the Government "to put its money where its mouth is."

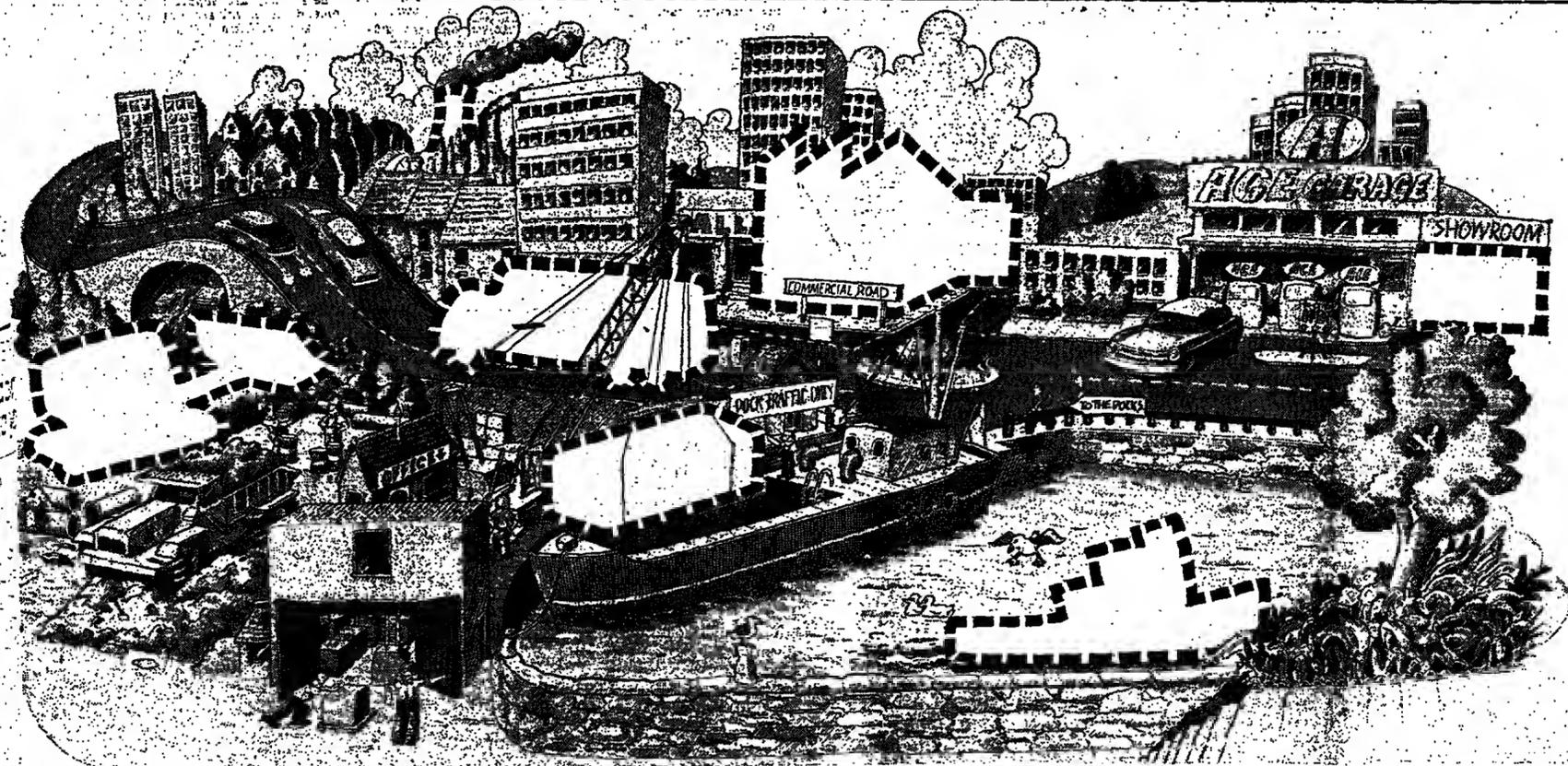
There is considerable frustration that, although Mr. Shore indicated in a major speech last February that Birmingham would receive an £11m. supplement to help deal with its inner area problems, the money has not yet been forthcoming. Officials do not know what restrictions will be placed upon the allocation or whether it will be in the form of a grant or merely loan sanction.

But whatever the longer term problems, the Conservative Administration under Mr. Bosworth has lost no time in trying to pare down local authority spending—and that is no easy task for a council with a staff of nearly 60,000 and an annual budget of £214m.

The most dramatic move was the scrapping of the system of corporate management adopted by many local authorities in the wake of the much-acclaimed Bains Report. According to Mr. Bosworth, corporate management, though intended to achieve better co-ordination of council activities, created inefficiency and extra County Council expense. Additional staff was employed to carry out fewer

public spending, Mr. Bosworth has found new strength from the election in May of a Tory-controlled West Midlands Council. Mr. John Taylor, the Leader of the Metropolitan Authority, which em-

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Leyland faces a long road to recovery

BIRMINGHAM INDUSTRY which has so far failed to produce the Rover 3500 in the required numbers despite a new factory which is one of the finest in Europe.

Without a new Mini the future for Leyland's Birmingham operations looked bleak. With it, given a fair wind, the Longbridge complex could recapture the leading position it had during the palmy days when Austin led the British motor industry.

But even if Leyland's plans for the new car run uncharacteristically smoothly, there is no escaping the fact that Longbridge is facing a tough decade. The days when the motor industry grew automatically year by year are over. Britain's domestic market may take another five years to get back to the levels last achieved five years ago; and both at home and abroad the U.K. product is facing competitive pressures from foreign manufacturers.

Much of Birmingham's ability to break out of this vicious circle of stagnation depends on Longbridge. The plant, employing about 20,000, and reckoned to be the largest motor industry complex in Britain, is now undergoing a radical change to make it into a single product organisation. The idea is to break away from the policy of producing a mix of models which it has had in the past, and thereby redesign the facilities to provide roomier and more efficient facilities.

These improvements, combined with a totally new body plant feeding into the assembly lines, should give Longbridge a working environment equal to anything in the rest of Europe. But the challenge that faces the plant and its management is to make it work as efficiently as competitive factories overseas. Clearly the reorganisation of Longbridge will require some streamlining of the workforce, and some changes in work practices. If this is to achieve success, the reorganisation will need to get off the ground more swiftly than it has at the Solihull plant just down the road,



The Rover 3500 production line at Solihull.

Lucas, for example, is looking to have a turnover of \$1bn. in North America by 1985, a similar amount of business to that it already does in Europe. GKN and Associated Engineering are similarly looking at the U.S. Already GKN's Hardy Spicer subsidiary has won a big order from Chrysler for universal joints which has added substantial capacity and investment to its Birmingham operations.

The experience of many European companies through another period of simply having gone through a decline. But without a successful thrust into the U.S. British Leyland, the Birmingham-based motor manufacturer, is clearly relying less and less on motor manufacturers into a original equipment sales in Britain. Ford may be taking up some of the slack, but Leyland's means a loss of sales of U.K. manufactured parts imported, even those U.K. component companies will be more aligned to overseas-based motor assemblers than the U.K. car companies in years from now. The uncertain factor in all this is, of course, British Leyland, which could be resuscitated in that period or simply have gone through another spiral of decline. But without a successful thrust into the U.S. British Leyland, the Birmingham-based motor manufacturer, is clearly relying less and less on motor manufacturers into a original equipment sales in Britain. Ford may be taking up some of the slack, but Leyland's means a loss of sales of U.K. manufactured parts imported, even those U.K. component companies will be more aligned to overseas-based motor assemblers than the U.K. car companies in years from now. The uncertain factor in all this is, of course, British Leyland, which could be resuscitated in that period or simply have gone through another spiral of decline. But without a successful thrust into the U.S. British Leyland, the Birmingham-based motor manufacturer, is clearly relying less and less on motor manufacturers into a original equipment sales in Britain.

Benefit

The benefit to Britain from the component companies' break-out into other markets is evident in the big £1.5bn. surplus earned on motor industry exports last year—much of it from component exports. These companies argue, against the common trade union position, that investment overseas is sometimes essential in winning a position in a foreign market; but that position having been achieved, success can generate orders for the British factories, and keep the research and development facilities busy. The experience of the last few years suggests that there is some force in this point of view.

Partly because of their expansion overseas, the Birmingham and district-based component companies have at least managed to maintain healthy finances through the depression of the mid-1970s. In effect, this crucial period has confirmed their new status as an independent force in the British industry. Many of them are now multi-nationals in their own right, still expanding their overseas facilities while British Leyland, after its abortive foray into Europe, is contracting. They have broken away from their client status in relation to the big car concerns to develop more flexible business strategies based on a service to the world industry.

The question the component companies now face is where to expand next. Their development overseas has gone in carefully phased stages, first to the British dependencies, where the motor manufacturers usually had a presence anyway; then to the third world, and latterly to Europe. The component companies have been some of the most vigorous supporters of Britain's accession to the Common Market, and many of them had established very strong bridgeheads on the Continent even before Britain voted to join.

The business of building on these bridgeheads is continuing, most obviously at GKN, which is still embroiled in its legally-contested takeover bid for Fichtel and Sachs in Germany. In many ways this is the most intriguing development of any of the British companies overseas, because it will produce a situation where not much less than half of GKN's European component output is coming from the Continent, and it will give a British company a very strong stake in West Germany, probably the most difficult market to break into.

In France and Italy, in contrast, many of the component concerns are already well established—Wilmot Breedon, for example, in France, and Lucas with both its Girling and CAV subsidiaries, and Automotive Products and Associated Engineering. Even when the scope of their local investments is limited, these companies have built up strong exports.

Many of these companies have recently identified the U.S. as their next area of major growth.



Mind

CONTINUED FROM PREVIOUS PAGE

braces six other district councils in addition to Birmingham, is pledged to confining local government activities merely to those statutorily placed upon it by government.

Neither Mr. Bosworth nor Mr. Taylor is happy with the present two-tier system of local government, but feel they have no option but to try to make it work. "Reorganisation of the system was reformed for its own sake and caused unnecessary duplication and confusion of responsibilities," according to Mr. Bosworth.

He complains in particular about the delay in planning decisions caused by the division between strategic and detailed planning functions. "We should not fight shy of reform. I believe in horses for courses, and I am sure that by a process of evolution we can work something out that will meet Birmingham's requirements."

What progress can be made on this front remains to be seen, but it would certainly be welcomed by businessmen in the city, who, like the politicians, are feeling that with two major councils administering the metropolitan area there is often a confusion and new growth engendered by the delay in planning decisions caused by the division between strategic and detailed planning functions.

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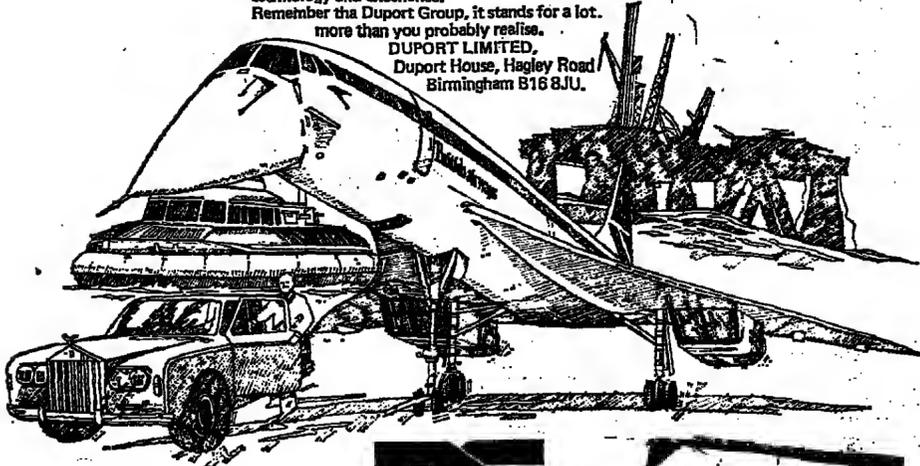
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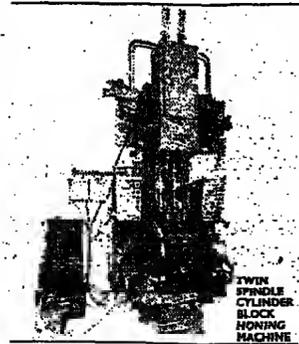
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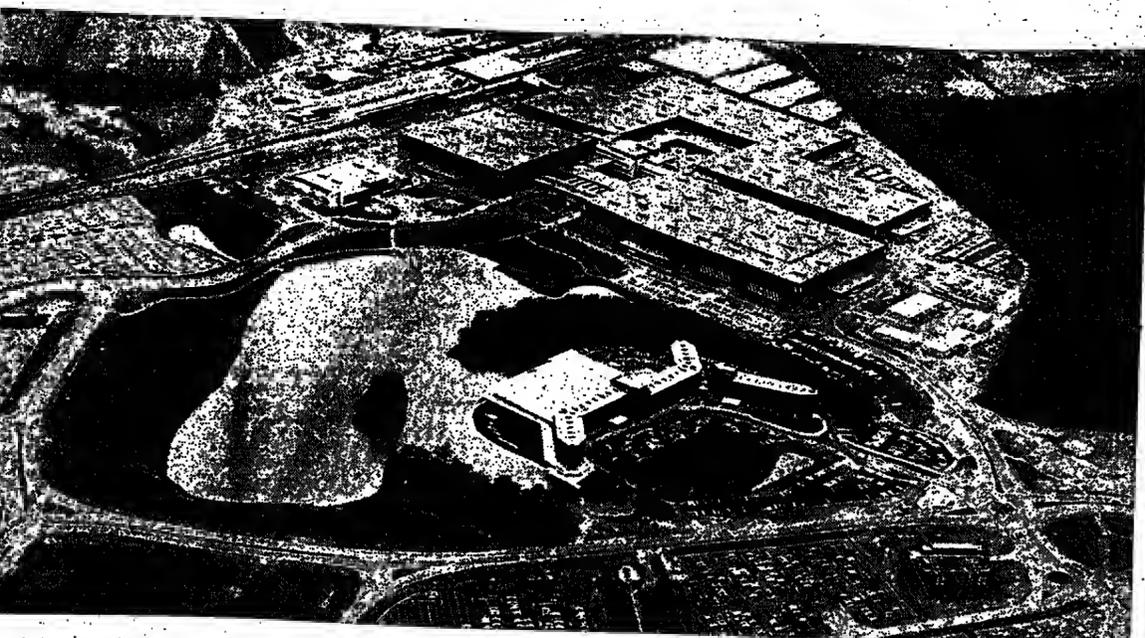
NAGEL BUILT UNDER LICENCE IN U.K.

Exhibiting a success story

MANAGERS and to see the project expand more to prove their worth. The ers from overseas call it fact that setting it up against top echelon at the NEC have centre of the short walk." a background of the Six Day had a good deal less time to impactness of the 1m. War and a three-day week was, prove themselves but despite feet National Exhibition if not exactly required ex- being thrown in at the deep gham Airport, adjoining perience, certainly an advan- end, as it were, most of them tage in how to circumvent and have surfaced. The ideal The exhibition halls, resolve unforeseen problems. balance and teamwork will round a central The present management probably never be reached, but save a lot of foot slog- structure includes seven line what has so far been accom- and equally appreciated managers responsible for plished in impressing the NEC and contractors are the finance, marketing, planning, on the international exhibition operations, security, catering world has been encouraging, compressed air, elec- and industrial relations. Above not to say impressive, and lines and other services them is a general manager res- could only have been brought which they can quickly ponsible for organising and about by a lot of enthusiastic without getting in the way co-ordinating the functions of aid devoted work right down the line. For in the 17 months of erecting the stands, full accountability for cost con- the centre has been operating trol operations. And the chief it has become one of the most re two other factors con- executive has authority to deal intensively used sites of its tributing to success. If the lay- with the whole of the opera- kind, and is already studying out- ing and general ance of the NEC company plans for expansion.

Occupancy
Other centres, like Hanover, with which the NEC is com- pared, have major events two or three times in their yearly calendar, thereafter reverting to subsidiary shows. The few exhibition centres more closely corresponding to the NEC deal with around 20 shows a year, allowing them more leisurely periods. Last autumn's international machine tool exhibition at the NEC, for instance, was put together in 20 working days. More than 2,500 machines weighing 15,000 tons and requiring crane facilities, bolting down and connecting to electricity, compressed air and other services—and using as much power as a small town when working—had to be installed. Critical path analysis systems helped to get the exhibition ready on time. In the first year of operation there was a 64 per cent occupancy of the 1m. square feet of space available in the six halls. This year, the second, it will be 90 per cent, and it is still on an ascending scale. On average the staff has to meet exhibition deadlines every 14 days, and 48 exhibitors in a year are currently being handed—twice as many as most other centres.

Charges
This is true. On the other hand the exhibition industry has warned that current charges are the maximum acceptable plateau has been reached, he



An aerial view of the National Exhibition Centre.

back, with the majority taking more space. Two, indeed, want more space than the permanent buildings can provide, while textile machinery makers wanting to house the jumbo exhibition in 1983 in the U.K., are inquiring about an extra 500,000-lm. square feet. The concept of a 1m. square feet exhibition centre being required for the first four or five years taking it to 1981 is likely to prove pretty much on the mark. But contingency plans were incorporated to make it possible to expand facilities on a temporary basis. Four of the six halls have removable wall panels to enable an exhibition to expand into as most other centres, though not equal to the air conditioned permanent buildings, should nevertheless be acceptable. This kind of did reasonably well.

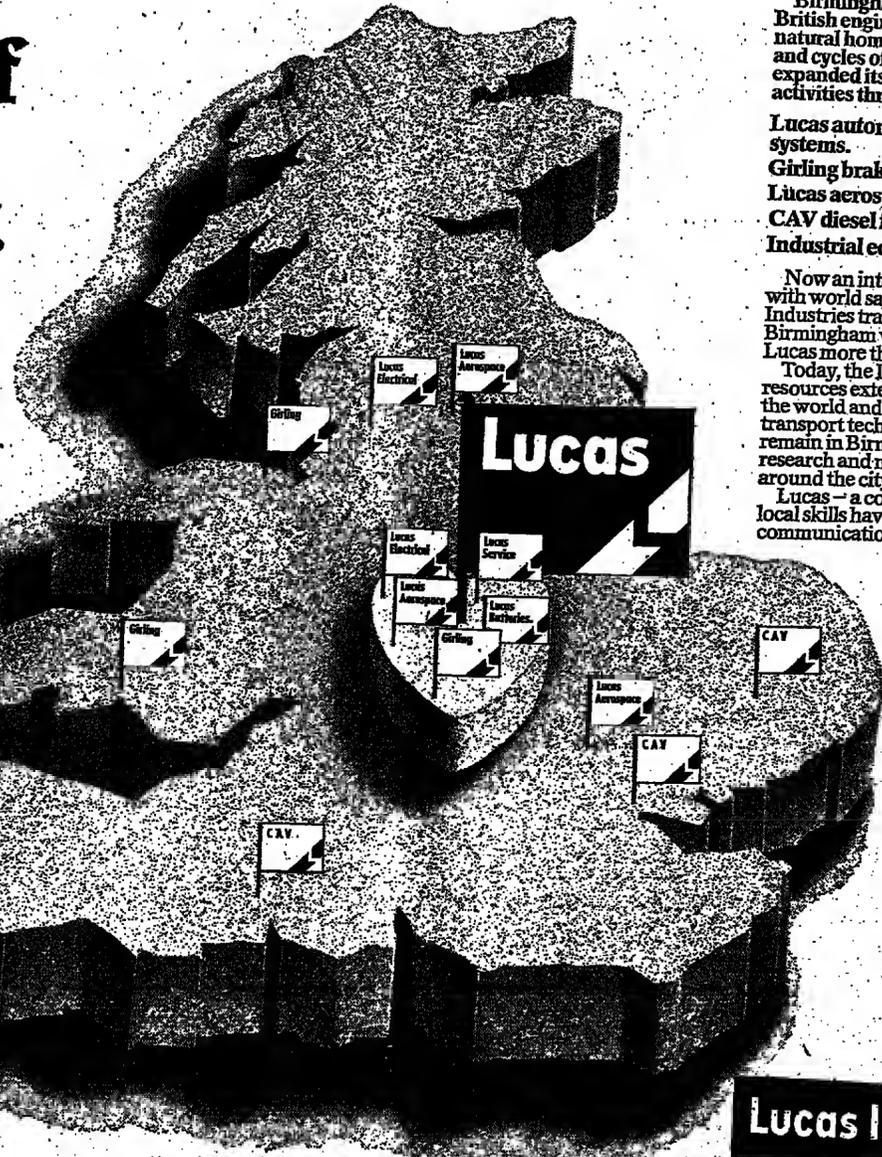
In terms of forecast expenditure and would job at any further feels, which enables charges to

ture we came within our pro- "dramatic" increases—38 per cent last April—such as have inflationary factor. If the NEC can maintain attractive charges, it seems that only one other major change is needed to give it an even more prominent place in the international show calendar. This is the re-siting of the nearby airport terminal buildings so that, ideally, passengers can walk, or more probably be taken by moving pavement, to the exhibition centre. A variety of schemes have been considered over the years while the growth in passenger traffic has forced various emergency measures which have still left facilities woefully inadequate. Three major alternatives are being considered, so it still remains to be seen whether the NEC's preferred site is chosen to make it uniquely served by road, rail and air.

Peter Cartwright

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BIRMINGHAM IV

Industrial uncertainty

BIRMINGHAM, WITH its wide range of manufacturing industry and dominance in the engineering and metal trades, gives a very good indication of the state of the nation's economy. The outlook at the moment is not encouraging: investment is low, production fairly stable, and there is widespread spare capacity. Some hope can be taken from the successes achieved in export markets, particularly by the vehicle component industry, but even here there are signs that the improvement may be levelling off.

"The onset of business confidence so clearly apparent earlier in the year has undoubtedly taken a knock," according to Mr. John Warburton, the acting director of the Birmingham Chamber of Commerce. Most companies have taken a cautious view about the long-forecast upturn in the national economy and have held investment steady and been slow to take on new labour. The main factor disturbing business confidence over the past few weeks has been the mounting uncertainty about what will happen to wages when the present phase of pay restraint runs out at the end of this month.

Mr. Richard Hale, President of the Chamber, maintains that a heavy responsibility now rests upon the Government to set an example to industry by restraining wage and salary awards effectively in the public sector. "If the Government fails to give the lead, it will throw away the benefits earned by voluntary restraint over the past two years."

Birmingham businessmen are renowned for their belief in unshackled free enterprise and the Chamber, though acknowledging help given to the city in the form of industry aid schemes, has consistently argued that the main role of Government should be to create a business climate conducive to investment and profitability.

Whatever the merits of such arguments, it cannot be denied that Birmingham has been one of the main beneficiaries of a major shift in government regional policy over the past two years. Given the limited resources available, the Labour Administration has switched the emphasis away from purely regional aid geared to job creation in favour of a more

selective approach, Birmingham working at only around 80 per cent of capacity. There is wide-spread frustration at the long-burned under the accelerated delay by British Leyland in investment scheme, and the placing orders for new machinery. The State-owned concern in the clothing machine tool and ferrous and non-ferrous foundry industries.

Specific measures announced by the Chancellor of the Exchequer in his recent major parliamentary statement about pay policy will be of particular benefit to Birmingham. Hopes are high that the city will get its share of the £100m. to be injected into the nation's construction industry in the current financial year. Unemployment in the housebuilding and civil engineering sector has been a particular problem for Birmingham and any additional funds are likely to merely prevent the situation deteriorating further rather than creating a significant number of extra jobs.

The Government has also stepped up the funds available for ferrous foundry and machine tool investment. Birmingham, with its tradition of metal manufacture, has taken particular advantage of the government assistance to modernise foundries—not only to meet new health and safety requirements but also to raise efficiency and enhance the quality of a raw material so important to much of Midlands industry.

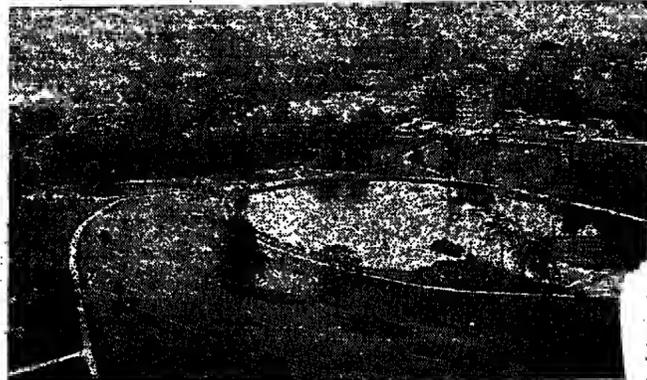
Interest
Though at first sight perhaps an unlikely export industry, the Birmingham foundries have focused attention on overseas sales and achieved considerable success. However, a further indication that the home economy may not be picking up as quickly as expected is the fact that several foundries have reported a recent downturn in orders compared with earlier in the year.

Birmingham's machine tool industry has shown increasing interest in the Government aid scheme over recent months after what for the Department of Industry was a disappointing start. The scheme has been well promoted locally and widened in its scope. Two sectors closely allied to the industry—manufacturers of one-off tooling (jigs, fixtures and press tools) and of assembly machines—have been included. But the major concern for the machine tool manufacturers is the deep recession which it has suffered over the past few years. Even now, many companies are

working at only around 80 per cent of capacity. There is wide-spread frustration at the long-burned under the accelerated delay by British Leyland in investment scheme, and the placing orders for new machinery. The State-owned concern in the clothing machine tool and ferrous and non-ferrous foundry industries.

Unemployment has fallen over the past 12 months, but not dramatically, and the latest statistics show more than 42,000 people jobless (6.2 per cent), compared with 5.4 per cent in the West Midlands as a whole and a 6 per cent national average.

The key to future employment moves, and indeed to the prosperity of Birmingham, rests heavily upon developments at British Leyland. The Ryder



The campus at Birmingham University.

rescue plan, which envisaged an investment programme of £2,800m. over a 10-year period, means that a great deal of money will be pumped into Birmingham where it is estimated that up to two thirds of manufacturing is dependent in some way upon the vehicle industry.

Replacement

Leyland Cars alone employs 45,000 workers in Birmingham. The programme for a £280m. investment in a Mini replacement to be manufactured at Longbridge is crucial to Britain retaining a presence in the volume car market. The recent Government go-ahead for a project after several months of uncertainty brought considerable relief not only to companies which expect to be directly involved in the supply of buildings and equipment but also to those dependent upon the prosperity of the plant.

Levels of output achieved at the Leyland plants are a significant determinant of the pace of activity of the Birmingham economy. The fact that the Cars Group over the past couple of months has been able to consistently achieve production of around 20,000 vehicles a week has had a multiplier effect.

The main uncertainty is whether this improvement can be continued when the workers return from their annual holidays next Monday. Cynical observers attribute the improved industrial relations record to the Government threat to starve the company of investment and to the fact that workers were saving for their holidays. Ley-

land unions have certainly set the pace in the demand for returns to free collective bargaining and it remains to be seen whether and how quickly that militancy will spill over into actual stoppages.

Supply has traditionally been the factor holding down Leyland market share, but with dealers' stocks now high, concern is being expressed about demand. How significant is the apparent lull in sales will be better judged next month after the introduction of the new "S" registration number plates.

Acknowledging the uncertainties involved in the motor industry, component suppliers and the engineering sector as a whole have attempted to diversify into a wider range of products and particularly into overseas markets. The attention which Birmingham companies as a whole have paid to exports in response to the latest recession has been noticeable. The Chamber of Commerce reports considerable involvement by firms in trade missions to various parts of the world, but the rising trend of

export deliveries appears to be levelling off. A survey of companies indicated that from overseas were no less than three months ago, picture is very mixed—difficult to generalise.

Export directors point out that the international economy is becoming less price sensitive now that sterling is steady. There is no less a determination to increase overseas sales as this appears possible. Indeed, the Chamber indicated that the issue at the moment is confidence. One in the companies reported that it still operating at below capacity, and of expect turnover to improve.

With the Government resolve on the wages yet untested, and in doubt, the survival in doubt, the industry can see which to base confidence about business next 12 months.

With the Government resolve on the wages yet untested, and in doubt, the survival in doubt, the industry can see which to base confidence about business next 12 months.

Labour pressures build up

"NOW THAT the politicians and TUC leaders have finished debating the high theory of pay restraint, we have been left to sort out the mess. Make no mistake, Birmingham is at the sharp end and we shall find out pretty quickly what the man on the shopfloor considers to be a moderate claim."

This matter of fact response from one of the senior personnel executives in the engineering industry is typical of the way Midlands industrialists have reacted to the reality that two years of fairly rigorous pay restraint will come to an end from next Monday.

But in Birmingham, the home of the traditionally militant car workers, the failure of the Government to reach any significant agreement with the TUC came as no surprise. Alarm signals, indicating the mounting rank and file hostility to nationally imposed restraints on earnings, have been going up fairly regularly from the Midlands for many months.

Strikes

The strikes—first by maintenance engineers and then electricians—which threatened to put Rubery Owen, the important motor components supplier, out of business in January this year provided an extreme example of the tensions building up in many other Birmingham factories.

The situation at Rubery Owen reflected the anomalies which arise during a period when earnings are placed within the straitjacket of a simplistic pay norm. Central to the problems at the Darlaston factory was the issue of differentials: resentment about relative pay was increasing between the skilled and unskilled and between the hourly-paid and the piece-

workforce. Leyland Cars, with alone of some 45,000, obviously has an important influence upon wage expectations in other industries.

Most of the claims now being lodged in the engineering industry are of the order of 20 per cent, but the form and conditions of the demands clearly varies widely. "Fear and trepidation" was how one personnel manager summed up his approach to wage problems over the next few months.

Such emotions are widely shared by management which knows that it faces an impossible task in trying to deal with all the anomalies and pent up frustrations caused by a prolonged period of Government-induced wage restraint. Restrictions on earnings have been in force for something like four out of the past five years.

The whole wages structure has become compressed at a time when the trade unions have been demanding minimum earnings and special treatment for the low-paid. During a time of low economic growth the earnings of the those at the bottom of the pay scale can only be improved at the expense of those above.

But the differential issue has also been further complicated by the legislation enforcing equal pay for women. The transition to equality has been exempt from pay restrictions and proved the cause of much resentment.

It is significant that the 20,000 manual workers at Leyland's Longbridge plant, Birmingham, were among the first this month to slip in a wage claim for "at least £15 a week"—an increase of more than 20 per cent. In addition they want consolidation of the wage increases under Phase One and Two, and a lump sum payment to buy out the changes in working methods necessary to make the proposed new Mini a success.

Longbridge, as the biggest Leyland plant, traditionally

gives the lead in the annual wage round. Leyland Cars, with a workforce in Birmingham alone of some 45,000, obviously has an important influence upon wage expectations in other industries.

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Earnings

While the spread of earnings has been reduced by upward pressure from below, it has also been held down at the top by the upper limit for wage increases.

One of the major problem areas which personnel managers identify at the moment is the position of foremen, supervisors, administrators, and senior clerical staff, earning around £3,750 to £5,000 year. These are the people to whom the £8 a week flat rate increase was poor

compensation in the face of higher taxes, mortgage charges, and living costs.

A significant feature of the industrial relations scene over recent months has been the high number of regrading issues. Such disputes have tended to involve supervisory level employees and can be seen largely as a tactic to get round earnings restrictions.

Another problem which is particularly acute in Birmingham, where piecework is still widespread, is the clash of interest between the pieceworker and the hourly paid employee. On piecework where the rate for new jobs is constantly being renegotiated, it is possible to raise earnings in a way that is denied to the man paid by the hour. In plant level negotiations, through the joint shop stewards committee, the inherent advantage of the pieceworker has traditionally been acknowledged in annual wage reviews and he has been awarded less.

Of key interest to Birmingham employers is whether or not the Government will try to introduce some device for monitoring self-financing productivity deals. This is an area which the local engineering industry knows to its cost from

Continued on next page

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Signs of revival in property

BIRMINGHAM property 100,000 square feet or more which the industrial blocks, which at one time seemed desolate, are still wholly vacant and available to a single major occupier should it want to take over the running of the works as demand fell.

But that may imply a non-local company, as part of a major relocation. And as Jones Lang Wootton notes, Birmingham has surprisingly failed to attract a major user from London or elsewhere. "This," the agents say, "seems particularly unfortunate when one considers the city's excellent communications, being at the heart of the motorway system and having a superb inter-city train service to London and other provincial centres."

Add to these advantages its own very extensive airport which serves most of the European centres and it can be seen to qualify as an attractive location for any international concern.

The answer to this shrinking of Birmingham by other than the indigenous office users probably lies partly in its image as an industrial city. That it certainly remains, and the recent emphasis in Government policy on the inner cities is likely to result in greater efforts made to preserve the present balance of industry and commerce. The City Council is making allocations to industrialists who wish to build or extend industrial premises and some extending of present industrial zones is possible. The fact is that many companies have, in their expansionary phase, moved out of the city by choice or planning necessity and now policy is aimed at maintaining such groups. The virtual dropping of IDC controls is a sign of the new spirit.

Expansion

Should such moves be successful, or if a more buoyant economy saw significant expansion among existing Birmingham companies, then despite the large quantities of older, often rather run-down premises available, good quality space may become hard to find. Demand for smaller units has anyway, held up quite well during the past few years, and Grimley and Son, for instance, say that the second-hand market in anything up to 50,000 square feet has recently improved greatly.

Among new space available, the Bryant-Samuel development of 225,000 square feet financed by Standard Life Assurance, at Gravelly Park near Spaghetti Junction is commanding probably the highest rents at around £1.50 a square foot for smaller units. The major letting here was the purpose-built 224,000 square foot bottling and delivery depot for Allied Breweries. Other large lettings here and at Bryant-Samuel's other Birmingham industrial scheme, Minworth, have been 50,000 square feet to the Bank Xerox and ten units to the Flockvale company of contract Berkeley warehousemen.

The general trend of industrial demand in the West Midlands, confirmed in the Royal Institution of Chartered Surveyors - Financial Times Property Indicators Poll, has been steadily firmer for the last year. This represents a recovery from a low base, but a higher level of development activity looks likely now that significant amounts of space have been let opposite policy, shifted over the last year. Council estimates include a 1.3m. square foot figure for factory and warehouse space being leased or sold since last autumn. The major impact which the crisis in the car industry makes

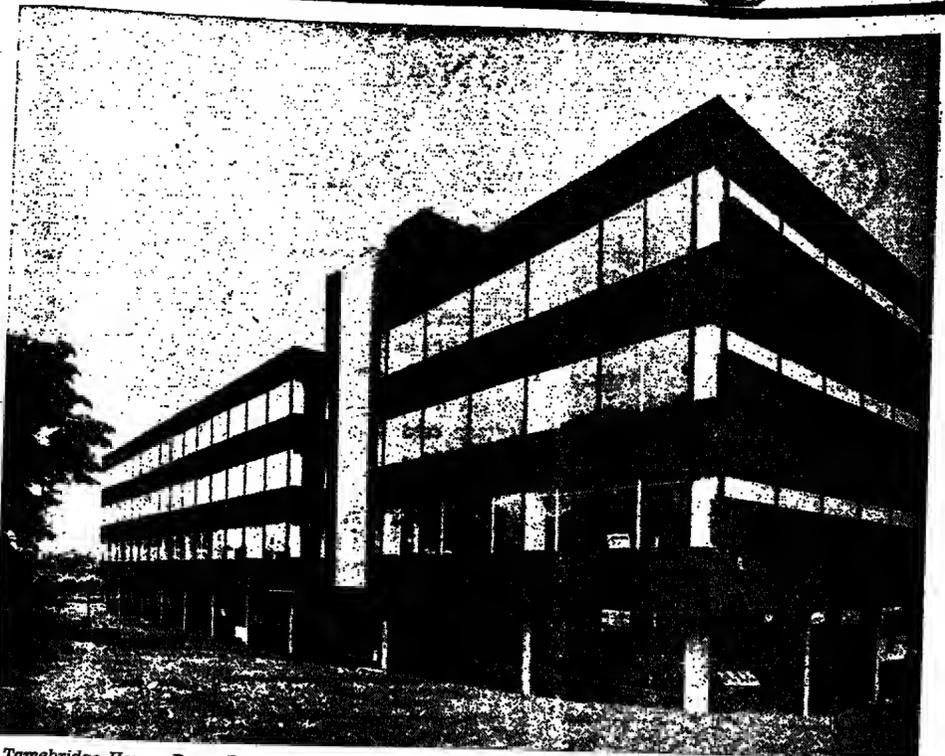
on the whole West Midlands industrial scene means that there is still considerable anxiety about this single influence on the industrial market. But the strength of the small and medium businesses within Birmingham has been reasserted and there now is a case for thinking that industrial rents on the better sites will firm up gradually.

Meanwhile, the focus of the property market will continue to be the high quality office blocks which still await major tenants. The price of accommodation in most of them is cheap in comparison with several other regional office centres, an unusual situation for Birmingham. And with the hardening of rents in central London, the attractions of the city for relocation exercises is clear in pure property terms.

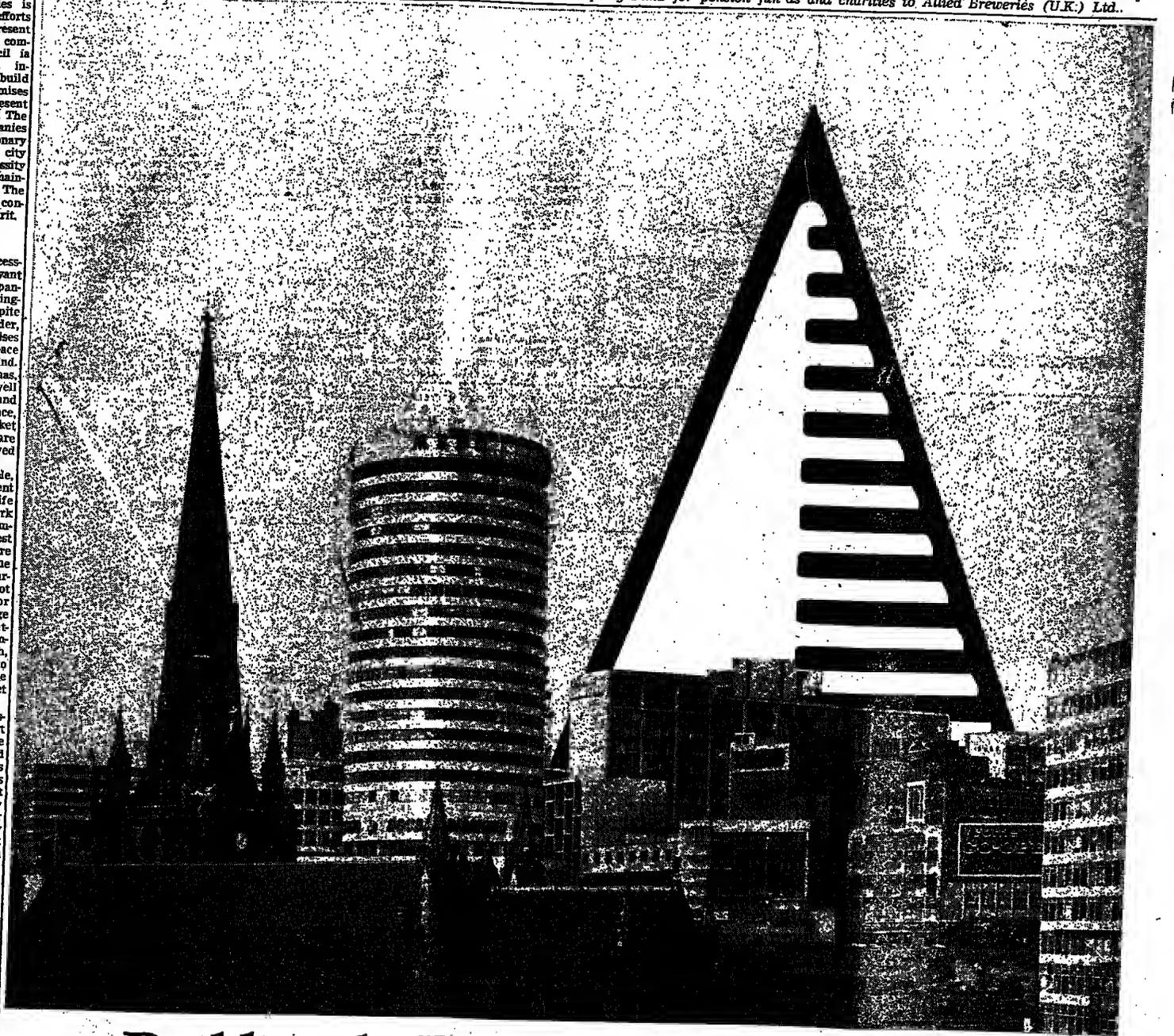
It is more likely, however, that it will be another two or three years of steady local demand which will use up the overhang of space, with Solihull proving the quickest-letting location and some of the ring road blocks remaining a problem for longest. Several developers have long passed the stage where even a completely let building would be covering costs until at least one substantial rent review had passed.

The overbuilding of city offices is therefore a lesson not likely to be forgotten quickly. Nevertheless it represents in some measure an asset to the city in the encouragement to expand that this cheap accommodation offers. Jones Lang Wootton's conclusions are surprisingly hopeful. It says it views the city "Not through jaundiced eyes from having witnessed a very depressing letting market, but with a considerable degree of optimism fully justified by recent trends. A cursory analysis of the type of accommodation available, its size and location, and above all, quality, will point to the possibility that the choice open to major occupiers could in future be very limited, and in some categories, a shortage of space envisaged."

Quentin Gurrham
Property Correspondent



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perience is wide that it could quickly raise out-put and become self-financing. An important test of whether the rank and file trade unionists will, as their leaders have promised, behave responsibly, will come from the extent to which the 12-month gap between wage awards is observed. Already the militants are declaring that the social contract is dead, and there is no obligation upon wage earners to moderate their demands. How much of such chest thumping is mere rhetoric and bluff has yet to be tested.

The impression from Birmingham is that many workers do believe they have fundamental grievances and are prepared to register their protest in the form of industrial action, whether this will amount to a wages explosion remains to be seen.

But it would be difficult to find a personnel director to predict with confidence that he has the resources or the formulae to deal with all the pressures he knows to be present within the plant wage structure.

A.S.

BIRMINGHAM VI

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BIRMINGHAM MAY not traditionally have been a word to evoke the idea of banking. But in recent years the centre has spawned enough financial names to have acquired the look of a mini-city to some degree at least a microcosm of its big brother in London.

During the easy money period of the early 1970s, merchant banks and some foreign banks crowded in to tap the opportunities in the busy West Midlands conurbation. They thus gave a new dimension to the more traditional clearing banks, the active Stock Exchange fraternity, insurance companies and other financial institutions long established in the region.

The harsher business atmosphere of the middle of this decade has now led to a certain amount of sorting out within Birmingham's much enlarged financial community.

The great majority of the long-established concerns and the more recent arrivals have solidified on through the recent recession — reinforced by one or two big new names — and are now, hopefully, scanning the horizon for signs of better times.

But one or two have withdrawn, notably Slater Walker, which has pulled out as part of the general rundown of this banking arm of Slater Walker Securities concern, which was much battered in the later stages of the secondary banking crisis and whose remaining activities are soon to be re-named Britannia Arrow Holdings.

One of the most newsworthy events in Birmingham's financial story so far this year has been the unexpected decision by G. R. Dawes Holdings to go into voluntary liquidation, with a prospective payout for shareholders sizeable enough to have put the shares up immediately on the announcement of the move.

In the 1960s, Dawes, the former Neville Group, ran a very active issuing house business through its Neville Industrial Securities and was responsible for floating a lengthy procession of smaller Midlands companies on the stock market. This business evaporated with the later collapse of the new issues boom and Dawes next

enlarged, and then scaled down, its holding company side. It was later decided to build up the banking side and a minority share stake was taken in the group by the ill-fated Jessel crisis. But the secondary banking crisis put paid to hopes of expansion here.

The decision to wind up the business reflects the disillusionment of the chairman, Mr. Howard Dawes — who, with his family, owns nearly half the Dawes shares — with the recent experience of running a public company with a mixed banking and industrial holding content.

"I have no regrets about our decision. I state, though, some serious doubts about the ability of industry to make profits in the future," says Mr. Dawes, who should derive a cash distribution of some £3m. from Dawes' winding up.

After the liquidation, expected to begin in the autumn and to lead to a payout of at least 15p a share — though the market values the shares rather higher — Mr. Dawes plans a new financial venture, though not through a quoted company. "I and my immediate colleagues do expect to remain active and to operate some sort of financial company, but it will be private, not public," he says. And, in an echo of views lately aired by that better known financier, Sir James Goldsmith, he adds: "The advantages of being a small private company are completely outweighed by the restraints and restrictions."

Banking of the most sizeable and traditional kind has long been represented in Birmingham and, of the Big Four clearers, which are all active in the region, the Midlands and Eloyds can trace their origins to a start there some two centuries ago. The Bank of England, which monitors the fortunes of industry in the area through its agent, Mr. David Nendick, has been established in Birmingham since 1826. Williams and Glyn's, a smaller clearer, has a regional office and a branch in the city.

Opinion has long been divided among the merchant banks over

the desirability of having a presence in Birmingham, some seeing advantage in closeness to a region with numerous small, as well as large, concerns which may need financial advice.

Others feel that the expense of a Birmingham operation is not worthwhile in view of the quick access to London and the concentration of financial expertise there.

One factor which may have deterred much growth on the merchant banking side lately is the effective curb implied on the scope for lending by the merchant banks at times like the clearing banks — usually the first line of approach for prospective borrowers — have had plentiful loanable funds.

Recognition of the advantages there may be in a local merchant banking presence in the long term — particularly to provide corporate finance advice on takeovers, financial arrangements and so forth — is shown by the establishment within the past few years of a branch in Birmingham of Barclays Merchant Bank, owned by Barclays Bank County Bank, the National Westminster Bank's in-house merchant bank, is believed to be considering setting up in the area.

Effective
Among merchant banks of the top flight Accepting Houses Committee which have a presence in Birmingham — often to secure a more effective link to their main London operation — are Samuel Montagu, owned by the Midland Bank, Charterhouse Japhet Kleiworth Bensoe and Brown Shipley. One of the accepting houses with the fullest representation in Birmingham is Hill Samuel, which has a banking hall and conducts a deposit-taking and corporate finance service there.

Singer and Friedlander is a smaller accepting house which has long placed a considerable accent on operations in the Midlands and certain other regional centres. Sir Timothy Harford, a director based in

Birmingham, emphasises both the Midlands' hopefulness of an upturn in the autumn and the much improved liquidity position of companies compared with 2½ years ago, while accepting that the new issues boom — in which Singer was also previously active — will not return.

Industrial and Commercial Finance Corporation, the subsidiary of the bank-backed Finance for Industry which has long invested in and lent to smaller companies, has an office in Birmingham at the centre of the Midlands catchment area. Gresham Trust is, on a lesser scale, also active in Birmingham, where it takes minority stakes in a number of growing small companies. Mr. Ran Meinertzhagen, who runs Gresham's Birmingham office, detects a little more sign of activity than lately. "I've got more offers out to support companies than for two years, but it's still very patchy," he remarks.

A unique institution in the Midlands area is the recently renamed Birmingham Municipal Trustee Savings Bank, formerly Birmingham Municipal Bank, which has a large chain of Midlands branches. As well as conducting a business parallel to that of the trustee savings banks generally, it provides loans for house purchase.

The increasing export business of the Midlands region has been recognised in banking developments there, including the establishment in 1972 of a Birmingham branch of Standard Chartered Bank, which widely finances international trade and has a large business in Africa and Asia.

Major foreign banks have also shown increasing interest in Birmingham, where Bank of America and Bankers Trust have been represented for several years. Other U.S. banks with a presence there include Chemical Bank and American Express International Banking Corporation. From France, the large groups Banque Nationale de Paris, and Société Générale are both represented.

Forward Trust, the finance house subsidiary of the Midland Bank, is based in Birmingham and has comfortably weathered the storms which have battered its independent brethren during the secondary banking crisis. Mr. Tom O'Malley, its managing director, sees symptoms of better times, particularly on the industrial side. "Things are picking up," he says. "I don't see any large increase in cost of borrowing, but on the industrial and commercial side the increase is real and it's being sustained."

A significant event in Birmingham's stock market history took place at the beginning of this year with the merger of two large firms, Smith Keen Cutler and Co. form Smith Keen Cutler, biggest single stockbroking firm in the region. Many expect that, despite the revival of stock market business from the low point 2½ years ago, the trend towards amalgamations will in due course be carried further.

Presence

Views vary in the Birmingham community about the case for representation in London. Smith Keen Cutler has considerable representation in the City of London, from where its senior partner, Mr. David Rowe Ham, customarily operates, and finds that this structure helps its business. Others, such as Albert E. Sharp, prefer to stay from a Birmingham base only. Other parts of the financial world are well represented in Birmingham, with two independent insurance groups, Britannic Assurance and Weyan and General Assurance Society, based there, in addition to Midland Assurance, a subsidiary of Eagle Star Insurance. There are also a number of insurance broking concerns with a presence in the City. Factoring concerns have a good scope in the region, among them H. and H. Factor, which has been established in Birmingham for five years.

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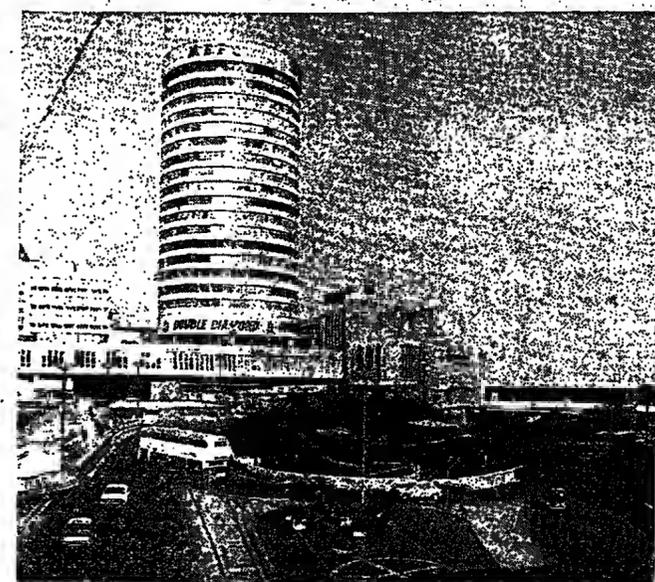
Road improvements pay dividends

BIRMINGHAM'S VAULTING ambition to become the cornerstone of a great industrial triangle stretching to Frankfurt in Germany and Milan in Italy crucially depends on communications. Geography and the vast complex of exporting industries within the conurbation made it a natural choice as the hub of the motorway system, and much the same reasons made it one of the chief junctions of the canal network in earlier days. The framework of a modern road system for the city was planned between the wars, but not realised until the immediate post-war era, when a start was made on creating a true city centre encircled by inner and outer ring roads. But only when the linking motorway junction at Gravelly Hill, just north of the centre was completed could Birmingham finally divest itself of the more ribald comments about one-way streets and other notorious driving hazards.

It is impossible to over-emphasise the influence these developments have had on revitalising the city and extending its horizons. It is not and may never become a cosmopolitan city, but it is attracting overseas companies to it and encouraging industrialists to forge closer links with Europe to a much greater degree than was ever possible — or envisaged — before. The opening of the National Exhibition Centre early in 1976 just a few miles to the east gave a new stimulus to growth and strengthened ambitions of becoming a foremost international centre in Europe. Now, in this context, should the contribution of the National Agricultural Centre at Stoneleigh, near Kenilworth, be overlooked in helping to foster international growth.

Motorways

While the national motorways programme has been pared, expenditure on completing the network around Birmingham and improving freight links with other industrial and commercial centres and ports is expected to continue at around £30m. annually. Access to the Exhibition Centre from the M1-M6 link is being improved and should be ready by the time the Motor Shows opens in the autumn next year. The southern arm of the orbital road Birmingham, at present represented only by the Solihull section of the M42 to the motorway interchange (with access to



The Rotunda and Bull Ring in the centre of Birmingham.

the NEC) should be extended starting in 1979. This section will start from Lydiate Ash, on the M5 and run through Bromsgrove and link with the Solihull section on the Stratford-on-Avon road.

It is hoped to start the northern part of the M42 from the M6 in 1978, if there is a satisfactory outcome of a compulsory purchase order in respect of the first, Water Orton section. Eventually it is expected the M42 will link into the M1 near Kegworth just south of Nottingham. Completion of this motorway is badly needed to relieve congestion on the roads north-east of Birmingham, but of even more concern to exporters is the building of a high grade road of motorway or near motorway standards to the east coast ports, which in recent years have become major terminals for exports and imports for the Birmingham area. But the route has still to be announced and with many processes still to be gone through it is likely to be the early 1980s before the road to the east coast ports is begun.

By then Birmingham should have improved communications with the important Black Country hinterland stretching towards Wolverhampton, both to Solihull, which virtually relation to the movement of goods and people. The West Midlands Passenger Transport Executive has already shown qualified success to itself to be a flexible and imaginative organisation in trying to match its obligations to people's needs, and this aspect has become of more importance as the cost of private transport has risen. The integration of road and rail services, with the huses slotting into rail timetables, especially during the rush hours, is proceeding steadily. Schemes have been or are being prepared for Stourbridge, Wombourne (near Wolverhampton), Willenhall and other parts of the Black Country and Dudley. Helped by competitively priced bus-rail travel cards, the number of rail passengers commuting to Birmingham has shown encouraging increases. A recent 17 per cent rise followed an average 11 per cent rise in 1976-76, and closer integration of bus and rail should produce further gains, subject always to fare increases not being too much of a deterrent. At a time when most views were being continuing the Dial-a-Bus experiment in

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Birmingham Repertory Theatre in Broad Street.

Mixed pleasure in leisure

BECOMING increasingly false) about Paviola and the Modern Birmingham.

Perhaps it needed that provocative title "The Magic City" to make people aware of the changes that have been brought about. Its heritage is solidly industrial and commercial, a city of 1,500 trades able to turn its hand to anything, a thriving community from which have sprung great financial and banking enterprises. Its importance as an international centre has been bastened and enlarged by the motorway system, by its export achievements and, most recently, of all, by the opening to the dustbin of the National Exhibition Centre.

Criticism

Even before it was built Birmingham was developing a cosmopolitan veneer, and the influx of tens of thousands of visitors recently, Birmingham trials and businessmen from all over the world has inevitably attracted those catering for their leisure and recreational hours. It has been a long-standing well-catered for by Indian, Chinese and Italian restaurants—not so well by those catering for French, American and Japanese tastes.

For those with the disposition, there are several night spots, but few, if any combine the luxury of a first class restaurant with top rate cabarets. But if this is a deficiency it may not be an important one, since Birmingham is promoting itself more as an international business and conference centre, and doing so with encouraging success against a background of amenities unrivalled elsewhere in the Heart of England.

And it is obvious that world is spreading that it is also an excellent centre for exploring the many historic and cultural gems round about, from Shakespeareana and Warwick Castle (third in the famous homes ranking list), Coventry Cathedral and the famous deer herd at Charlecote Park. More than £50m. is estimated to be spent by holiday tourists in the area. In Birmingham itself there are many worthwhile visits to be made: the central libraries, besides housing the largest collection of Shakespearean literature in the country among nearly 1m. reference

project that includes a swimming pool, while the Holiday Inn also has similarly modern facilities. Older hotels, like the Midland and Grand, and others on the outskirts of the city, in Solihull and Sutton Coldfield, now cater for a wider range of tastes. Except at the busiest periods, there are probably enough first class hotels to cope with demand. What may fairly be said to be lacking are small specialist restaurants. There are some, and the number is growing, especially the wine bar variety, but the quality is generally disappointing.

For instance, one in four of overseas visitors inquiring at the tourist and entertainment centre at the NEC are German. But where is there a German restaurant?

Of the 24,500 people who visited the tourist centre last year, one in three were from overseas, and this year the numbers from abroad are nearly 50 per cent up on a substantially bigger total. They are well catered for by Indian, Chinese and Italian restaurants—not so well by those catering for French, American and Japanese tastes.

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Archery

In addition, Lord Aylesford's Estate also has seven trout lakes, coarse fishing and an archery range. Athletes and swimmers are tolerably well catered for by a new track at Perry Park, the Windley Centre with most things from archery to yoga, and several swimming pools, though none of Olympic standard. Ambitions to turn the disused Snow Hill Station into a sporting complex, part of the city's proposals for the Commonwealth Games, remain in abeyance. In the meantime, the city, but with more unsuspected talents than a casual appraisal suggests, and an excellent centre for tourism.

P.C.

road improvements

CONTINUED FROM PREVIOUS PAGE

or building four new and renewing a line to the west of Longbridge cars at home. Certainly the fish Leyland has its operation employing 20,000 people) to the new Government administrative centre in the Town Hall, and north. When priced was expected to be the time it opens year it is likely to generate life in urban centres. £8m. and £9m. The scheme has also led to other Birmingham areas like Chelmsley were among the lowest in the area from which the Centre draws a lot quite favourably—they had to be put up last November to take account of inflation. Unfortunately the Government international station lines on the multiplying factor NEC. Last May the proved quite inadequate with the NEC on the west sides by a principal rail link through Leam and Coventry to the Ingham-Easton line £5.3m. in the current year and to slice the subsidy running at £18.7m. annually. The support is eligible for a 70 per cent Government grant, but the

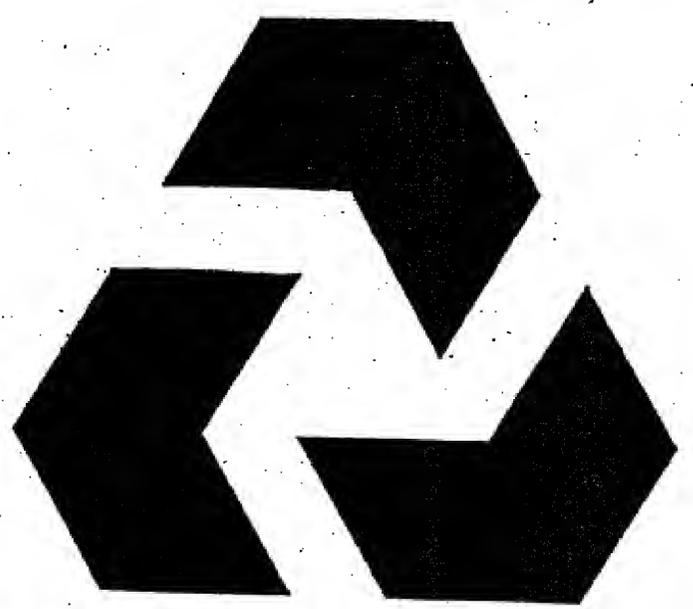
County also pays out about £10m. for senior citizen passes for which it gets no recompense, so it very naturally wishes to contain the subsidy.

Proposals

To do this without driving people away through fare increases, however, justified, will be difficult. Previous and more modest increases than the present 30 per cent proposals had the effect of diminishing bus passenger mileage from 1,657m. in 1975 to 1,616m. the following year, and it is clear that the threshold of tolerance is extremely sensitive to price movements. So that while the formula for improving communications, and travelling in particular, appear soundly based, it is going to be no easy matter to achieve a balance between attracting motorists from their cars by competitive services and making them more than ever determined to drive their way to and from work by fare increases. More frequent and smaller increases might be more tolerable judging by the more the current proposals have caused.

Perhaps the weakest part of

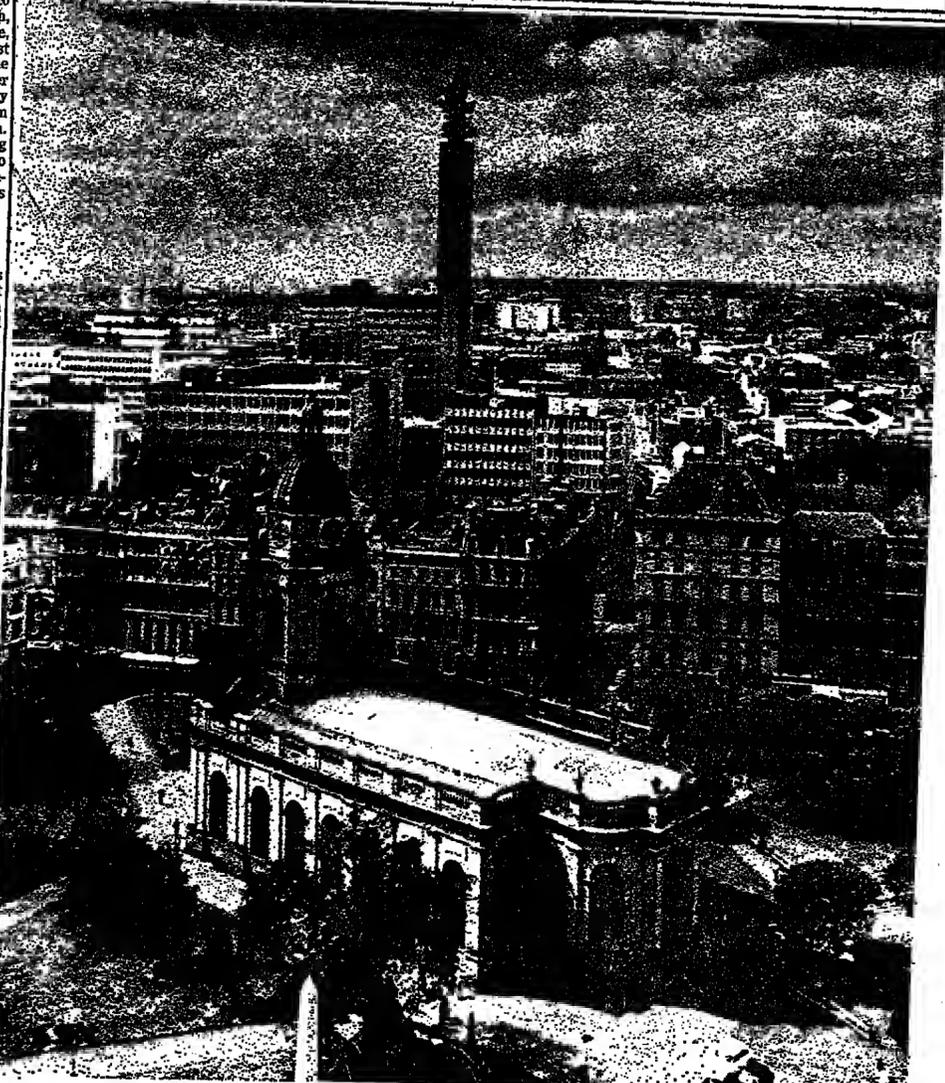
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The private person and the public interest

BY JUSTINIAN

PRIVATE citizen cannot circumstances invoke the civil courts to prevent the breach of the law of his own personal. For any actual breach of the law, the citizen has the constitutional right to bring a private action against the offender in the civil courts. But the General is the only person entitled to represent the public in a court of justice; the courts may declare public law only at his instance.

The assertion of those propositions of law in the House of Lords is a rare display of unqualified unanimity. Lord Fraser of Tullybelton, who was called to the bar in 1912, was the only member to dissent. When Mr. Gouriet came to the courts, disavowing any claim to his own rights being infringed by the unions, he had no title to represent the public interest; he was a usurper in asking the public interest for an injunction against the unions.

Once it was conceded, (as it was by Mr. Gouriet's counsel when the appeal was heard in the House of Lords) that the Attorney-General's decision not to give his consent to Mr. Gouriet's proposed action was unassailable in the courts, the question of whether Mr. Gouriet could circumvent the Attorney-General's refusal to give his consent, or whether the Attorney-General alone has the power to use the civil courts in aid of the criminal law, and when it is proper to invoke its power.

This exceptional power has been employed in recent years where a criminal offence has been frequently committed in disregard of an inadequate penalty. It has proved to be a useful weapon in a limited field of public welfare, mainly in areas involving the health and safety of the community. To apply to the court for an injunction at all against the threat of a criminal offence, when it is traditional to use the criminal law only after it has been broken by a known offender, may involve a decision of policy suitably deployed only in the hands of someone like the Attorney-General.

Lord Fraser of Tullybelton, the one Scots Law Lord sitting on the appeal, considered that it was entirely appropriate that responsibility for deciding whether to initiate preventive proceedings in the public interest should be vested in the Attorney-General. It is well established that in the criminal law the Attorney-General is not bound to prosecute in every case where there is sufficient evidence, but that he has to weigh the public interest in seeing whether that interest would be well served by prosecuting. Enforcement of the criminal law is an important public interest, but it is not the only matter of importance.

Political

During the Gouriet case, it was asserted that the Attorney-General was answerable to Parliament and not to the courts. The House of Lords has asserted to that proposition, and stated the reasons why it should be so. If the Attorney-General were to commit a serious error of judgment by withholding his consent to proceedings to enforce a public right by the private citizen, in a case where he ought to have given it, the remedy lies in the political field, and not in the legal field through the courts. That is appropriate because his error would not be one of political judgment that would be challenged for parliamentary action and inappropriate for court decision.

All these issues about the enforcement of the law, and the method by which enforcement should be achieved, will be a subject taken up by the Royal Commission on Criminal Procedure. Once the prosecution process is taken out of the

domain of the police, and into the hands of a national prosecuting service directly accountable to a public officer answerable to Parliament, much of the argument about the overlap between private and public law will become academic. Indeed, it has been the failure hitherto to recognise this distinction that has led to confusion and ill-considered doctrine in the Gouriet case.

The significance of the legal profession of the final outcome of the Gouriet case is the emphatic rejection of so much that was proclaimed in idiosyncratic style by the Master of the Rolls, Lord Denning. It is not overstating the matter to say that Lord Denning's vigorous assertion that the courts can control even the decisions and actions of the Attorney-General have been judicially—and judiciously—debunked.

Lord Denning had in the course of his judgment relied upon a Canadian decision for the proposition that public rights could be asserted by the private citizen. Lord Wilberforce gently chided the Master of the Rolls with the remark that the decision was "unimpressive support" for the supposed doctrine. When the Attorney-General first appeared before the Court of Appeal and declined to give his reasons for refusing to consent to Mr. Gouriet's action, Lord Denning regarded that stance as a direct challenge to the rule of law. And with a characteristic rhetorical flourish he cited the words of Thomas Fuller: "Be ye ever so high, the law is above you." Viscount Dilhorne (incidentally himself a former Master of the Rolls' statement Act 1974 and the Post Office Act 1969) or he was asserting a public right which (since no



Mr. Sam Silkin (left), Attorney-General, who refused leave for court action by Mr. John Gouriet (right). Mr. Gouriet's action was found to be "misconceived" by the Law Lords.

dissect." Juristically speaking, there is no stronger phrase of disapproval of a brother judge's opinion on the law.

In the welter of discussion of public law issues there is not much room left for the discussion of the rights and wrongs of trade unionism before the law. But there are some observations from the Law Lords that will be picked up in the current, not wholly unrelated, dispute over the industrial troubles at Grunwick.

There has been a good deal of talk recently about the public's right to the services of the Post Office in the collection and delivery of the mail. Lord Wilberforce stated it most emphatically: There is no right to bare one's mail handed, in the sense that it is a right enforceable in the courts. There is, under the public law, a general duty on the Post Office to provide services; but this duty is not enforceable by proceedings before any court, as current proceedings in the High Court by a Cricklewood businessman have shown. Enforcement of the law in this area of public law means that any person who commits an offence may be prosecuted. It will be up to the Post Office itself, or the Director of Public Prosecutions, or the Attorney-General to take steps to enforce the law.

As against the two postal workers' unions Mr. Gouriet caught between the Scylla of trade union immunity and the Charybdis of the prerogative of the Attorney-General. Either he was asserting a private right by means of a civil action in tort (which was anticipated by Gouriet) or he was asserting a public right which (since no

private rights were invaded) he could not do without the concurrence of the Attorney-General.

The immunity of trade unions from actions in tort is very wide. What has been overlooked in much recent discussion is that the immunity is not limited to cases where there is a trade dispute. The only escape from the restriction on fining a trade union in tort is that proceedings may be brought against a trade union "for any offence alleged to have been committed by it or on its behalf" and a trade union may be sued in its own name on any cause of action other than one in tort. But since the offence was anticipated by Gouriet no preventive action could be taken under that liability.

The trade union legislation of 1974 and 1976 imposed a further restriction upon those seeking injunctions against trade unions. Broadly speaking, the courts may not award injunctions if, in the opinion of the court, it was likely that a party would claim at the trial of the action that what was proposed was in contemplation or furtherance of a trade dispute. This statutory provision was designed to prevent the seeking of "snap" injunctions in relation to trade disputes. On this issue the only note of disagreement appeared among the Law Lords. Lord Wilberforce thought that the Court of Appeal was wrong in its summary stating that the issue threatened mail boycott had nothing to do with a trade dispute. Viscount Dilhorne, however, noted that the only information before the Court of Appeal was that the action proposed was in response to a call for international solidarity in support of the South African policy on apartheid. He thought that that did not suffice to raise the question of a possible claim of a trade dispute. Mr. Gouriet's union (and now found to be misconceived) action has at least had the great merit of airing a branch of constitutional and public law that for long has had an arcane look about it. The Law Lords have brought some tidiness to an untidy area of the administration of criminal justice. The courts have been kept firmly out of the decision-making process in the criminal law. They are left to their traditional role of adjudicating upon the issues brought before them. The Gouriet case has reaffirmed the delicate relationship between executive, Parliament and the judiciary, each performing its own function, complementary to the others. It is a balance that would have been sadly disrupted had Lord Denning and his two colleagues prevailed in their views.

Labour Party

Chairman, Democratic Alliance.

Mr. David Watt's articles attention for their perceptive approach to current events in the context of political history. His article (July 27): "The inevitable progression towards democracy" is a fine example of the kind of analysis that has been a staple of the Labour Party since 1923. It is a reasonable comment on the attitude of the Labour Party in Britain in the 1970s. Why are we the Labour Party because they feel the need to be a social democracy in West Germany, or as going to lead to a new social democracy in Britain? Why are we the Labour Party because they feel the need to be a social democracy in West Germany, or as going to lead to a new social democracy in Britain? Why are we the Labour Party because they feel the need to be a social democracy in West Germany, or as going to lead to a new social democracy in Britain?

Management of electricity

From the Secretary, Electricity Supply Industry Employees' National Committee.

Sir—In his statement to the House of Commons on the re-organisation of the electricity supply industry (reported on July 20) Mr. Anthony Wedgwood Benn rightly said that the management and the unions agreed with his decision to create a new central body.

I must make it clear, however, on behalf of the trade unions in the industry, that we are completely opposed to the re-organisation of a series of Electricity Boards under the new main Board with the Minister appointing the members of these subordinate Boards. It was a main recommendation of the Plowden Committee that these should be abolished. It is Mr. Wedgwood Benn's concept and in our opinion, which we share with the management of the industry, is completely inconsistent with the Plowden principles.

The basic point can be simply put. Either the members of these subordinate Boards are going to have no useful power left in which case their retention, and the retention of the Minister's power of appointment, is at best a useless exercise; or it is intended, and hoped, that they will exercise real powers, in which case they will provide the Minister (due to the dual loyalties which the Board members will have) with an ability to interfere in the management of the industry in a quite arbitrary way. This would significantly diminish the authority of the central management and the cohesion of the industry as a whole, which is the prime purpose of the main re-organisation to bring about.

Management and the unions have jointly had many meetings with Mr. Wedgwood Benn. He has consistently failed to persuade us of the merits of this aspect of his proposals and certainly the trade unions in the industry remain strongly opposed to it.

John Lyons, Station House, Fox Lane North, Chertsey, Surrey.

Pay claims and costs

From Mr. M. Gould.

Sir—Mr. Jacob (July 20) claims that "pay is rising very rapidly, by historical standards, and if inflation was under control living standards would be rising instead of falling." Indeed, does the gentleman seriously believe that if inflation was eliminated, or even cut to 5 per cent, wage increases would be anything like as high as they are now? The rate of inflation and rising prices are the reasons for the current different thing from saying that they would continue at their present rate in spite of inflation. Mr. Jacob equates inflation

True and fair

From Mr. J. Cloyton.

Sir—Sir William Slimmings (Michael Lafferty, July 23 and 24) is displaying commendable initiative in promoting the ad hoc implementation of current cost accounting. But retaining misleading historic accounts cosmetically by "supplementary CCA data" would only make darkness opaque.

A fundamental effect of inflation is that operating profits are reduced but total gains are increased, by expropriation of the creditor. That is why suggestions for "simplifying CCA" by concentrating alone on enhanced depreciation and stock appreciation must be rejected.

CCA confirms—and adopts—two existing accounting principles; and adduces only two new ones. It is based on the recognition that "money is the unit of measurement"; and that profit is measured by the increase in net assets. Unexhausted expenditure is recorded at current value (in place of historic cost); and the "total gains" statement—the nub of the system—reflects the dichotomy of profit under inflation.

It is by reason of the inflation-induced dichotomy of profit that it would be misleading to show only one figure for earnings per share; and I have given CCA illustrations. I have given two—EPS(O), based on opera-

Opposition need not cease

From Mr. J. Pickering.

Sir—While I would hesitate to intervene in a controversy between two such agricultural experts as John Cherrington and Asher Winegarten, I have no inhibition in replying to George R. Allen (July 23). It is very noticeable that the prime mover of the EEC—France—shows no inhibitions about her own national interests. Why therefore should Britain be more modest about her national interests?

At one point in his letter Mr. Allen suggests that, by borrowing from within the EEC, Britain could transform the Common Agricultural Policy within a decade. Later he pleads for a five-year trial before passing judgement. Which is it to be five years or ten?

Finally I have always failed to understand why it is so reprehensible to criticise the result of a referendum. The very essence of our Parliamentary Government is based on a series of referenda, called elections. Following the outcome of such elections I have never noticed that the losing party has immediately ceased all opposition or maintained a stoic silence.

J. P. Pickering, Orchard Place, Recharon, Northumberland.

Independence of auditors

From Mr. W. Elles-Hill.

Sir—With reference to Professor Edward Stamp's letter (July 20) on the subject of independence of auditors, I heartily endorse the proposal that auditors should be prohibited from holding beneficial shares in client companies, but to extend this prohibition to trustees raises a difficulty which appears to have overlooked.

I would surmise that in the majority of cases, when a trustee is appointed or moves into that position from being an executor, he takes over an existing portfolio of investments. It is to decline to take up his appointment as an executor, which may have been made by a will executed many years before, or to accept direct appointment as the trustee of a settlement, if, after preliminary inquiry, he finds that the estate or settlement includes a holding in a client company or is he to persuade his partners to resign from the auditorship of that company as a condition precedent to his acceptance of the appointment?

W. Elles-Hill, 123, Whitehall Court, S.W.1.

Misleading methods

From the Chief Executive, Wates.

Sir—I read in your column (July 21, page 8) that Mr. John Doyl, Tory MP for St. James, has been reflecting on the problems which stem from inflation and has concluded that "the accountancy profession may not come up with a solution." May be the politicians have a role to play.

This must give encouragement to Haslam Keymer's supporters who can now believe the politicians are thinking that their job is to cure the disease rather than impose misleading methods of measuring it.

C. S. Wates, 1280, London Road, Norbury, S.W.16.

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To-day's Events

GENERAL

Labour Party National Executive meets.

TUC General Council meets.

Mr. Denis Healey, Chancellor of the Exchequer, and other Ministers meet chairman of main nationalised industries to discuss criticism of Government relations with State-owned corporations made in NEDO report last year.

CBI Financial Policy Committee meets.

Post Office annual report.

British Airports Authority annual report.

Queen on Jubilee visit to West Midlands.

Mr. Anthony Reid—Home Secretary, speaks at Association of County Councils conference, County Hall, S.E.1.

Accounting Standards Committee meets and may issue statement on inflation accounting.

Widescale public inquiry continues, Whitehaven.

PARLIAMENTARY BUSINESS

House of Commons: Consideration of Lords amendments to Control of Office Development Bill. Proceedings on National Health Service Bill (Lords) and remaining stages of Employment Protection Bill (Lords), Motions on Dividends, Pay and Prices Orders.

House of Lords: Housing (Homeless Persons) Bill, report and remaining stages. Motions to approve Price Code Orders.

Patents Bill, consideration of

COMPANY RESULTS

Fitch Lovell (full-year). Plessey Company (interim figures only).

COMPANY MEETINGS

Austin (E.), Winchester House, E.C.12, Beecham, Royst Garden Hotel, W.12, Brunning Group, Brunzing House, E.12, 13.10. Caledonia Investments, 2 and 4, St. Mary Axe, E.C.3, Continental and Industrial Trust, 120, Cheapside, E.C.2, 2.30. De La Rue, Cafe Royal, W.1, 11.30. Doloi Tea, Glasgow, 4, Dorman Smth, Preston, 12, Dunhill (Aifred), Cafe Royal, W.12, 12.00. Lankro Accrington, 12.00. Lankro Chemicals, Manchester, 12, Lord (F.H.) Birmingham, 12 London West and Aberdeen Investment Trust, Winchester House, E.C.1, 1.45. Monty Investment Trust, Great ships, Eastbourne.

EXHIBITIONS

Silver Jubilee Exhibition, Hyde Park, W.1 (until September 4).

British Genius Exhibition, Battersea Park, S.W.11 (until October 30).

LUNCHEON MUSIC

Band concert by Metropolitan Police, Finsbury Circus Gardens, E.C.2, noon to 2 p.m.

Andrew Morris gives organ recital, St. Bride, Fleet Street, E.C.4, 1.15 p.m.

SPORT

Racing: Goodwood meeting, West Sussex. Golf: Women's International, Woodhall Spa.

Tennis: British Junior championship, Great ships, Eastbourne.

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- St. Helen Garage Ltd., 87 Bath Street, Leeds, C1. Telephone: 0234 31341.
- St. Peter Port Garage Ltd., Rue Du Parc St. Peter Port, Guernsey, GY. Telephone: 0481 24261.
- County Motor Garage Company, Letchworth (Herts) Ltd., Thornhill, Addons Road, Rothwell, Scotland PA5 8YH. Telephone: 0205 20157.
- Arnold G. Wilson, Regent Street, Leeds LS2 7QP. Telephone: 0532 39666.
- Moore Motors Ltd., Strangford Lodge, Bangor Road, Coleraine, Co. Down, NI. Telephone: 0247 87679.

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COMPANY NEWS + COMMENT

Davy soars to £18.8m.—sees progress

A LEAP in taxable profits from £10.41m. to £18.78m. is reported by Davy International for the year to March 31, 1977. Sales were up 59.41m. to £297.44m. At half-time, when profit was more than doubled from £3.33m. to £7.3m., the directors said they were confident.

For the current year, with present orders in excess of £1bn, the company is again confident that the progress of the past few years will be maintained, says Sir John Buckley, the chairman.

The merger with Head Wrightson took place in the fourth quarter and, therefore, had little impact on the overall profit contributing only £0.6m. This was in line with expectation at the time of the merger.

Earnings per 25p share are shown to be up from 15.5p to 30.9p and as forecast to November, the total gross dividend is lifted with Treasury consent, to 15p (9.328p) with a final 10p on capital increased by the acquisition.

Work done, comprising the value of contracts closed and the increase in work in progress for the enlarged group was £226m. (£206m.) and there was an extraordinary exchange rate gain of £2.7m.

After setting off goodwill of some £3m. against reserves, shareholders equity increased from £28m. to £47m. and liquidity improved by £20m. during the year.

The acquisition of Herbert Morris at the beginning of the current year and disposal of the 29.9 per cent. holding in British Rollmakers Corporation, in May, 1977, will further strengthen the company, says Sir John.

The practical work of combining with Head Wrightson is taking place in an amicable and effective manner and it is expected that the benefits sought from the merger will be achieved at a satisfactory rate with the minimum of disruption, he notes.

The reorganisation will involve some initial costs. These together with other provisions deemed to be necessary, were taken into account in arriving at the value of the net assets of Head Wrightson at the time of the merger.

Turnover	1976-77	1975-76
Work in progress	297,453	281,024
Work done	31,431	102,147
Pre-tax profit	18,782	10,410
Tax	8,239	3,318
Net profit	10,543	7,092
Extraordinary gain	2,673	700
Attributable	13,216	7,792
Dividends	1,253	1,782
Retained	11,963	6,010

The chairman says that the directors' initial appraisal of the business and management of Herbert Morris, even after only a few months of association, strongly confirms their earlier favourable view.

As a result of the sale of the interest in British Rollmakers the group now holds 8 per cent. of

HIGHLIGHTS

Despite problems in the U.S. tobacco market and a less favourable currency background BAC Industries has surpassed expectations with a 15 per cent. pre-tax gain in the first half. National Westminster Bank has produced profits 37 per cent. higher after six months which is in line with Lloyds but below that of Midland, but the group is looking for marginally lower profits in the second half. Lex also takes a look at the annual accounts from British Gas. Interim results from Taylor Woodrow are slightly disappointing with profits some 13 per cent. higher but the U.K. was bolstered by the move into open cast mining. Profits from Davy International more or less exclude recent acquisitions and the growth at the rump is about 75 per cent. Aided by the Northern Ireland builders' merchant side Cawoods has achieved a 39 per cent. pre-tax gain and while profits are nearly £700,000 higher at AAB the group did find it difficult to acquire summer stocks of domestic coal. Thanks to a strong export trend Hingworth Morris has more than quadrupled profits.

Johnston and Firth Brown, with a market value, at July 25, 1977 of £3.45m.

comment

The profits from Davy International are almost entirely from the group as it was prior to the takeover of Head Wrightson and Herbert Morris. Profits are up 43 per cent. for the "old" Davy on a mere 2.8 per cent. increase in "work done." Margins in plant contracting are often volatile, depending on such factors as the timing of completed work, but the improvement is nonetheless encouraging and is led by exports. The wisdom of the take-overs cannot be shown by profits until this time next year. But one of the arguments for merging was that Davy would increase its stature in world markets. The increase in orders for "old" Davy from £733m. a year ago to over £1bn. now suggests that the increased size of the group has already begun to help. The shares at 217p yield 7.1 per cent. on a p/e of 6.8.

Vantona up 19.3% midway

ON AN 8.7 per cent. increase in sales from £26.6m. to £29.5m. Vantona Group expanded taxable profit for the first six months to May 29, 1977, by 19.3 per cent. to £3.22m. against £2.71m.

All divisions performed well and a strong balance-sheet position has been maintained. With the present order position the directors say they are not unduly pessimistic about the full-year results. They report that exports so far have risen by 40 per cent. compared with the same period of last year. Stated earnings per share, before extraordinary credits of £67,000 (debits £20,000), were up

10.5p in the shares which at 95p offer a prospective yield of 8.4 per cent. on a p/e of 4.5.

Second half decline at J. E. Sanger

SECOND HALF pre-tax profits almost halved from £900,000 to £468,000 have left meat traders, J. E. Sanger down from £1.52m. to £1.13m. in the year to March 31, 1977, on turnover ahead at £51.15m. against £45.43m.

Stated earnings, per 10p share have fallen from 7.48p to 5.31p and the dividend total is maintained at 4.4p net, with a 2.65p final.

Mr. J. E. Sanger, the chairman, states that the reasons for the setback stemmed from losses by North American operations totalling £636,000. The U.S. has continued to experience a very difficult meat trading period. The company has made substantial changes in this area and all operations in the U.S. are now trading satisfactorily. It is an "important" market and the company intends to continue to be represented there, and the directors are confident that the changes made are the right ones.

The chairman continues that elsewhere other operations, without exception, are substantial and improved contributions.

Iran Poplin, in which the Industrial and Mining Development Bank of Iran has a major shareholding, has assets of about £40m.

Stripping out Modelux's £14m. turnover and £200,000 profit from Vantona's 1976 interim figures, the sales increase this time was 13 per cent. However, exports rose from £3.3m. to £3m. leaving the home market up only 1.8 per cent., which suggests a small volume decline. On the other hand pre-interest margins rose a full point to 9.3 per cent. interest charges were surprisingly high considering the year-end cash position and this, coupled with the sluggish volume picture, suggests trading profits for the full year below expectations. However, the substantial "know how" contract in Iran will make a sizeable addition to second half profits, so £8m. pre-tax, for fully diluted earnings of around 21p, still looks possible. On this basis there may be some

considering the fact that all the meat importers to the U.S. have been licking wounds following the great domestic/imported meat price war. J. E. Sanger's performance is not as bad as some people had expected. The £336,000 loss in the U.S. completely explains the 29 per cent. downturn in profits. Now that the U.S. meat market is regaining some stability all should be well on this front. However, Sanger has now entered the direct consumer market through its half-share of Socol which has a small chain of hypermarkets/superstores oriented towards bulk buying. The upside potential for group margins through this venture is certainly strong but so is the downside risk of trying to break into a highly competitive field so different from the meat broking business. The shares are unlikely to move much until Sanger proves it really knows how to tackle retailing. In the meantime the 43p share price provides a p/e of 7.6 and a yield of 18.3 per cent.



Mr. A. Alexander, a shareholder, addressing the extraordinary meeting of the Fairley Company yesterday. Mr. R. W. Holder, chairman of Fairley (left in picture), rejected Mr. Alexander's proposals for an amendment and then for an adjournment of the meeting.

DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corre- div.	Total year	Total year
A.A.H.	6.0p		4.75	11.0p	9.11
Arlington Motor	5.1p		5.00	6.5p	6.49
BA7	2nd int. 4.0p	Oct. 1	1.77	2.73	10.73
Best and May	1.33		2.25*	3.41	3.07*
Cawoods	2.54	Sept. 2	6.3	1.3	9.53
Davy International	10p	Oct. 3	2.3	6.0	2.3
FMC	6.0p		0.84	1.82	1.2
Grindlays	int. 1.0	Oct. 3	4.7	—	10.26
Hingworth Morris	0.47	Aug. 2	0.88	—	3.4
NaWest	int. 3.17	Sept. 1	1.44	—	4.21
Pentland Investment Int.	0.88	Aug. 2	2.85	4.4	4.4
F. Pratt	int. 1.63	Sept. 1	1.8	—	4.61
J. E. Sanger	2.65	Oct. 1	2.67†	4.39	5.99*
Scottish and Merc.	int. 1.1				
Somportex	int. 3.38				
Tanjong Tin	int. 2.1				
Taylor Woodrow	int. 1.98				
Vantona	int. 4.46				
Waxley's Rest	int. 2.93				

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issues. †On capital increased by rights and/or acquisition issues. ‡Gross throughout. †Excluding special interim of 0.0463p net to maintain maximum permitted following ACT rate change. ‡Making 7.3p to date—total of 5.51p indicated.

Taylor Woodrow progress

TURNOVER AND civil engineering contractors Taylor Woodrow reports a 15 per cent. increase in taxable profits from £5.72m. to £6.57m. for the first half of 1977, on turnover down to £180m. against £191m.

An interim dividend per 25p share is announced of 1.95p (1.50p) net absorbing £248,000 (£216,000). Last year's total was 3.50p paid from record profits of £21m.

Shareholders in UDS Group were told by Mr. Bernard Lyons, the chairman, at yesterday's annual meeting that there had been an upward trend in sales in recent weeks and an increase in the year to date of some 19 per cent. Given a continuation of current trading conditions in the autumn, there should be an improvement in profits.

He referred last year to the claim of the Group's associate against the firm of professional accountants in connection with the acquisition of Bieberhaus. He now reported that the Frankfurt court has found in favour of UDS.

diversification into open cast coal mining U.K. profits moved ahead despite the slump in construction and housebuilding. The more profitable overseas operations—two thirds of profits and just over a third of turnover—continued to do well and so far very little of the profit on T.W.'s important Port Rashid and Dubai dry dock contracts in the Middle East has been brought into the P and L account. For the year as a whole profits of 7.2m. still look on the cards and the prospective dividend cover is more than six times.

UDS hopeful of profit improvement

Shareholders in UDS Group were told by Mr. Bernard Lyons, the chairman, at yesterday's annual meeting that there had been an upward trend in sales in recent weeks and an increase in the year to date of some 19 per cent. Given a continuation of current trading conditions in the autumn, there should be an improvement in profits.

He referred last year to the claim of the Group's associate against the firm of professional accountants in connection with the acquisition of Bieberhaus. He now reported that the Frankfurt court has found in favour of UDS.

ISSUE NEWS AND COMMENT

Hawtin applying for requote

Hawtin, which was suspended in December 1974, is applying for a requote of its Ordinary and Preference capital. In the interim years the company has disposed of its entire banking and financial services division including its long term liabilities end it was released from its guarantee liabilities.

In January 1976 the company started rebuilding its industrial interests by acquiring Plans (Industrial) manufacturers and distributors of protective clothing and safety equipment in South Wales, and in March 1977 it acquired E. D. Hollingworth and Sons manufacturers of chrome leather gloves in Sheffield and Derbyshire. The company has also extended its distribution side in Eire by the incorporation of Parnis Workwear and has recently purchased another safety equipment distributor in Bedfordshire.

The company also distributes products to the DIY trade. For the year to January 31, 1978 the directors have forecast 1978 sales of not less than £700,000 and it is their intention to concentrate mainly on the safety and protective clothing industry where the company is looking for further expansion and acquisition opportunities.

No Preference dividends have been paid since June 30, 1974 but the directors propose to re-start payments of the Preference dividend on December 31, 1977 for the half year to that date and to pay all arrears amounting to 13.65p per share (£74,504) total on January 1, 1978. At the moment the company does not envisage the payment of Ordinary dividends for the year to January 31, 1978.

comment Although shareholders of H who have been locked in two-and-a-half years may somewhat relished by the r to obtain a requote, the unlikely to find themselves position whereby they can't much of their eroded c investments. Since the ab move into banking the gro built up some earnings ha way of acquisitions. But th of the group is Planet an company has shown no g over the past three years. over for a company of th and record, but earnings ar relatively high at 88 p per shareholders' funds. So l absence of any dividend an earnings of just under 1 share, fully taxed (there at £500,000 of accumulated profits) the opening share is bound to be nominal.

COLNEY VALLEY OFFER FAILS Application lists for the Valley Water Company's of sale of £4m. of 8 per cent. debenture Preference Stock closed to-day with 48.56p per cent. Redeemable in 1980 this period since the offer announced the gilt-edged: has been resiled and th and to pay all arrears amounting to 13.65p per share (£74,504) total on January 1, 1978. At the moment the company does not envisage the payment of Ordinary dividends for the year to January 31, 1978.

Yearlings at 10% The coupon rate of this week's one-year Local Authority Bonds has again held steady at 10 per cent. The Bonds are issued at par and are due on August 2, 1978. The issues are: Coventry City Council (£1m.), Borough of H County (£1m.), Cotswold District Council (£1m.), Erewash Borough Council (£1m.), Inverclyde Council (£1m.), Newport Borough Council (£1m.), City of Portsmouth (£1m.), Borough of Waltham Forest (£1m.), Woodspring District Council (£1m.), Renfrew District Council (£1m.), Crews and Nannet Borough Council (£1m.), Restormel Borough Council (£1m.), South Lakeland District Council (£1m.), City of Wakefield Metropolitan District Council (£1m.), Runcy District Council (£1m.). Two-year Bonds due July 25, 1979, at par, and carrying a coupon of 11 per cent. have been respectively 31p and 27p.

RILEY DEALING: Dealings in the Ordinary shares of Riley start today. Following re-intro 1973, at par, and carrying a coupon of 11 per cent. have been respectively 31p and 27p.

During the April/June 1977, there has been an in-inquiries for trucks at thought demand is growing. Sales of cars are up 43 p and light vans by 128 p for the year to March 31, 1977 and in this quarter. Overall results are impossible to-a from the current economic co-£123,000 below the record level of 1974/5.

After 26 weeks profit was £270,000, compared with £289,000 in the previous comparable 25 weeks. Stated earnings per 25 are 13.16p (8.96p) and a Mr. N. C. Housden, chairman, dividend of 5.17p lifts the says that the sales increase for 6.31p (6.49p).

Arlington Motor recovery

Turnover of Arlington Motor Holdings increased by more than a third from £22.27m. to £31.22m. for the year to March 31, 1977 and pre-tax profit was up from £342,000 to £551,000, which is but the chairman feels c that a modest continuation of trading improvement will provide a very satisfactory

Stated earnings per 25 are 13.16p (8.96p) and a Mr. N. C. Housden, chairman, dividend of 5.17p lifts the says that the sales increase for 6.31p (6.49p).

A year of solid achievement

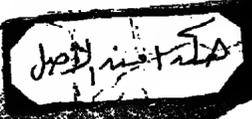
- Net Profit highest yet recorded
- Net asset value per share 109p
- Reserves now stand at £46m

SUMMARY OF RESULTS for year ended March 31, 1977			
	1977	1976	
Turnover	£222m	£165m	
Group Profit before Taxation	£14.3m	£8.1m	
Retained Profit plus Depreciation	£11.8m	£4.6m	
Ordinary Shareholders Funds	£59.6m	£50.3m	
Earnings per Ordinary Share	21.4p	10.2p	
Dividend per Ordinary Share	4.125p	3.75p	

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Cawoods Record Turnover and Profits

The constraints on major road construction and the severe cut back on maintenance of existing roadways resulted in reduced demand for our quarry and coated stone products. Our concrete products works achieved the anticipated improvement in profits.

Refractories exports, which were assisted by favourable exchange currency rates, accounted for 53% of our sales. Sales of packaging products, a high percentage of which are tied in with a specialised export market, were at a high level.

Our investment in London & Scottish Marine Oil Company Ltd. is expected to make a valuable contribution to Group earnings in the future and we have increased our equity interest to 11.60%.

With a large cash balance, we are in a good position to make further acquisitions and investments. We have started this year with increased Group profits in the first quarter.

Group results for the year ended 31st March			
	1977	1976	
Turnover	£199,397	£158,441	
Profit before tax	7,011	5,035	
Profit after tax	3,379	2,387	
Extraordinary items	307	123	
Retained profit	2,794	1,767	
Earnings per ordinary share	14.01p	10.33p*	
Dividends per ordinary share	3.41p	3.06p*	
Ordinary dividend cover	4.48	3.45	

Divisional Contributions to Group Profit			
	1977	%	1976
Fuel distribution	3,028	49.0	2,678
Sand and gravel and builders supplies	1,848	30.0	1,213
Road materials and concrete products	465	7.5	556
Refractories	271	4.4	1
Container shipping	211	3.4	79
Packaging	351	5.7	230
	6,174	100.0	4,757
Interest and investment income	837		278
	7,011		5,035

The Report and Accounts will be circulated to shareholders on 5th August, 1977 and the Annual General Meeting will be held on 1st September. Copies of the Report and Accounts are available from The Secretary, Cawoods Holdings Ltd., Southlands, Ripon Road, Harrogate HG1 2HT.

Hawtin applies for requote

West up £30m. but earnings on second half

Interim from Lloyds and Midland National Westminster group has turned in an £80.13m. in the pre-tax profit for half of 1977. Compared second half of 1976 the 2.3m.

BOARD MEETINGS The following companies have notified dates of board meetings on the Stock Exchange. Such meetings are usually held for the purpose of considering the results of the half-year and to decide whether dividends are to be paid and the amount thereof. The dates are based on the last year's results.

entire year the directors say it is difficult to make a forecast and indicate that the group result for the first six months of the year is likely to be lower than in the same period of 1976 and costs are still rising.

Glass & Metal rises midway The directors anticipate that the full year should be maintained in the first half of 1977. Stated earnings are 5.1p (40) and the directors hope that the dividend will be not less than the 2.75p for 1977-78 paid from record profits of £214,005.

Table with 2 columns: Item, 1977, 1976. Includes Pre-tax profit, Taxation, Net profit, Dividend, etc.

Table with 2 columns: Item, 1977, 1976. Includes Turnover, Pre-tax profit, Taxation, Net profit, etc.

AH peak £5.46m. —good start to 1977/8

IG Chemists Holdings taken to restore margins to an acceptable level, but the results for 1976/77 have been adversely affected. In addition the very high price of oil products continued to weigh heavily on the group's performance.

Steps have been taken to restore margins to an acceptable level, but the results for 1976/77 have been adversely affected. In addition the very high price of oil products continued to weigh heavily on the group's performance.

MEMBER

General meeting of the Association of British Insurance Companies was held on July 27. The Chairman, Mr. J. W. Wallis, reported that the group's results for the year ended March 31, 1977, were satisfactory.

BAT earnings up 20% so far but growth slowing

Improved results from the tobacco division and a sustained recovery from Wiggins Teape, the paper offshoot group, pre-tax profits of BAT increased from £188m. to £225m. for the year ended March 31, 1977.

increase in October 1976 but lower volume and increased costs resulted in a slight decline in profits.

Second interim dividend of 4p net is declared making a total of 2.5p to date. The final will depend on the application of the statutory dividend limitation which is expected to be £1.50 per share.

Looking ahead they expect the sales volume of tobacco products to continue to increase. In addition, the recent acquisitions of the Lorillard cigarette business outside the U.S. and of F. J. Wallis International Stores in the U.K. will bring benefits in the second half.

Table with 2 columns: Item, 1977, 1976. Includes Turnover, Pre-tax profit, Taxation, Net profit, etc.

Table with 2 columns: Item, 1977, 1976. Includes Turnover, Pre-tax profit, Taxation, Net profit, etc.

Pentland improves at halftime

After-tax revenue of Pentland Investments improved by £50,313 to £369,268 and stated earnings per 25p share from 1.73p to 2.01p for the half year to June 30, 1977.

The directors say that the second half is unlikely to show the same rate of growth. Their present estimate of earnings for the year is 3.25p per share against 3.45p last time.

Letraset plans major expansion

A major expansion is planned for one of Letraset International's American subsidiaries—Charles R. Bainbridge—which should lead to a near doubling of sales to around the \$10m. mark within the next three years.

Smallshaw jumps midway to £106,000

Pre-tax profits of knitwear manufacturer Smallshaw R. Sanderson (Kaltwear) jumped from £22,000 to £106,000 for the half year to March 31, 1977.

NORTHERN IRISH TRUST

Following the granting of a listing for the Company shares in London and Scottish Marine Oil, Britannic's new business

Britannic's new business

The Britannic Assurance Company reports increased new business. Premiums for the half-year ended June 30, 1977, in the Ordinary branch, new annual premiums advanced by 8 per cent to £1.13m. compared with £1.04m.

M. L. Meyer in strong position

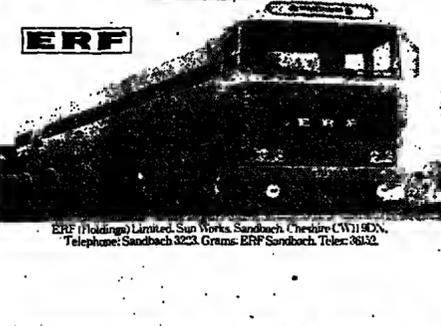
REFLECTING A substantial increase in working capital borrowings of Montague L. Meyer, the timber merchant group, jumped from £20m. to £45m. in 1976-77, but Mr. John Meyer, chairman, stresses that the balance sheet is strong and the company's capacity to continue with the planned expansion programme is enhanced.

Looking ahead they expect the sales volume of tobacco products to continue to increase. In addition, the recent acquisitions of the Lorillard cigarette business outside the U.S. and of F. J. Wallis International Stores in the U.K. will bring benefits in the second half.

"It is gratifying to note that all operating companies were profitable, with vehicle manufacturing showing a substantial turn-around in both profit margins and turnover."

Table with 2 columns: Item, 1977, 1976. Includes Sales to external customers, Trading profit, Interest payable on loan capital, etc.

Whilst immediate prospects look very encouraging, the uncertainty surrounding phase three of the wage policy does give cause for concern. The eventual change from a restricted increase policy to free negotiated settlements is bound to have its repercussions within industry.



ERF (Holdings) Limited, Sun Works, Sandbach, Cheshire CW11 9DN. Telephone: Sandbach 3223. Grams: ERF Sandbach. Telex: 30322.

WOOD

Over and Pro

NEYMARKET

Banking carried over surplus balances from Monday, but this was outweighed by a moderate take-up of Treasury bills, a fairly large excess of revenue payments to the Exchequer over Government disturbances, a slight increase in the note circulation, and settlement of the Bank of England's sales of gilt-edged stock.

ge assistance

Banks carried over surplus balances from Monday, but this was outweighed by a moderate take-up of Treasury bills, a fairly large excess of revenue payments to the Exchequer over Government disturbances, a slight increase in the note circulation, and settlement of the Bank of England's sales of gilt-edged stock.

Table with 10 columns: Item, Rate, etc. Includes Interbank, Local Authority deposits, Finance House deposits, etc.

and finance houses seven days notice, others seven days fixed. Long-term local authority mortgage rates 12-12.5 per cent. Four years 12-12.5 per cent. Bank bill rates in years for prime paper. Quotes rates for four-month bank bills 7 1/2 per cent. four-month trade bills 7 1/2 per cent.

GEORGE MALLINSON

Woolen and worsted cloth manufacturers, George Mallinson and Sons, incurred a pre-tax loss of £24,379 for the year ended March 31, 1977, compared with a profit of £70,942.

Smallshaw jumps midway to £106,000

Pre-tax profits of knitwear manufacturer Smallshaw R. Sanderson (Kaltwear) jumped from £22,000 to £106,000 for the half year to March 31, 1977.



"You would expect one of the largest banks in Holland to be unusually competent at helping overseas companies to do business in Europe."

"Even so, you might be pleasantly surprised to discover just how extensive the services of Amro Bank really are."

"We provide full commercial and merchant banking services, of course—including acceptances, credits and major Eurocurrency loans. But in addition, we can help you with everything from market studies to technical advice on subjects like taxation."

"If a more complete service from one bank sounds like a good answer to some of the increasing complexities of international business, please contact the address below for information about our full range of services."

amro bank logo and address: amsterdam-rotterdam bank nv, Herengracht 595, P.O. Box 1220, Amsterdam, Holland. Telex: 11006/Amronl.

MINING NEWS

RTZ gold find in Canada

INTERESTING GOLD values have been obtained in a new diamond drill hole... RTZ gold find in Canada... COMINCO GIVE MORE TIME FOR BETHLEHEM B

Seven holes in the western zone, which remain open on strike and at depth, have tested a range of 400 feet... COMINCO GIVE MORE TIME FOR BETHLEHEM B

Most of the gold and silver assays have been obtained by the Canadian standards... BOUGAINVILLE, BETTER OUT

After the previous quarter production has recovered past three months at Tinto-Zinc group's big... ISRAEL IMPORTS MORE DIAMONDS

Israeli imports of rough diamonds reached peak levels in the first half of this year... GOLD OUTPUT EDGES UP

South African gold production increased in June for the second month in succession... HAMPTON ARE

The U.K.-registered Tinto-Zinc group's big... GOLD OUTPUT EDGES UP

Output in June was 1,904,314 ounces, or 36,784 ounces more than in May... GOLD OUTPUT EDGES UP

Revenue received by the mines in the June quarter was \$691.5 million... GOLD OUTPUT EDGES UP

RESULTS AND ACCOUNTS IN BRIEF... BURNHAM GREENWYCH COMPANY

CRESCENT JAPAN INVESTMENT TRUST... GROWTH AND RICHOLSON

DUALVEST... SOMPORTER HOLDINGS

How To Subscribe To The Wall Street Journal

Every business day, more than 5 million business-minded people read The Wall Street Journal

Cawood's near £2m. profit rise

ON TURNOVER increased by £1m to £190,000, Cawood's Holdings reports pre-tax profits of £1.9m, up from £1.4m in the previous year

The directors say that the current year has started with increased first-quarter profits... Wheeler's at peak £528,807

Wheeler's at peak £528,807... AFTER A midway advance from £32,290 to £53,730 Wheeler's Restaurants finished the year to March 31, 1977 with record taxable profits of £528,807

Optimism at Amber Industrial... Mr. J. A. Thomson, chairman of Amber Industrial Holdings, told the annual meeting that current trading was satisfactory

Scott. Mutual bonus change... The Scottish Mutual Assurance Society has altered its modest terminal bonuses with effect from July 1

Grindlays up to £15.6m. midway... IN THE half year ended June 30, 1977, pre-tax profits of the Grindlays Holdings group show a rise of £1.4m to £15.6m

Encouraging prospects for ERF... THE DIRECTORS of ERF Holdings are considering extending manufacturing facilities to meet current demand

Best & May moves ahead to £247,778... After showing a small downturn at half-year, Best & May has moved up to £247,778

Another fall in BUPA membership... THE ANNUAL report of British United Provident Association, the largest medical insurance agency in the U.K., shows that membership fell 1.1% to 1,918,000

Illingworth Morris recovery... The significant improvement in pre-tax profits for the year to March 31, 1977, forecast by the directors of Illingworth Morris and Co at mid-year when the rise was from £7.7m to £14,377,000

Dunbee-Combox off to good start... The current year has started well at Dunbee-Combox-Mark with Toy Fair throughout the world reporting increased enquiries for the company's products

Outlook at Morgan Edwards... MR. E. K. EDWARDS, chairman of Morgan Edwards, tells members in his annual statement that problems at Gee Bee Discount Stores have still not been resolved

Rexmore expects to show progress... Despite the depressed state of national and international trade, Mr. Abraham Rosenblatt, chairman of Rexmore, is confident that further progress will be made

Mixed outlook at Crosby Spring... Given normal trading conditions the manufacturing businesses of Crosby Spring, interiors are expected to do rather better in the current year, progress in the outwearing, any setbacks, in others, states Mr. E. A. Crosby

STERLING INDUSTRIES LIMITED... RESULTS FOR THE YEAR ENDED 31st MARCH 1977

Chairman's additional remarks... Continuing policy of product growth particularly where such products have technological content of value

Fairey discloses £0.7m. stock deficiency

A SUBSTANTIAL stock deficiency at the Fairey Company's Belgian operations, costing the company £700,000 was revealed as a previously undisclosed factor behind Fairey's disappointing profits performance by Mr. Robert Holder, chairman at the company's extraordinary meeting yesterday

Mr. Holder also said that it was on the advice of auditors Peat, Marwick, Mitchell, who were concerned about the continued carry forward of learning and setting up costs, having regard to the substantial number of Britten-Norman aircraft in stock, that the Board decided to write off £2.3m. of these costs

The well attended Fairey meeting, which was called to approve an increase in borrowing limits to one end a half times capital and reserves, produced none of the lively questioning expected in the light of last week's stock announcement from the company of a drop in profits from £2.3m to £1.6m, following a forecast of improvement made as recently as December, and a passed final dividend

Outlook at Morgan Edwards... MR. E. K. EDWARDS, chairman of Morgan Edwards, tells members in his annual statement that problems at Gee Bee Discount Stores have still not been resolved

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"We've never had to look beyond the Midland for help. They've been involved in every major move we've made."

Peter James, Managing Director, Cooper & Co. (Birmingham) Ltd
(a member of the Bury & Masco Group)

Cooper's may be described as an unseen power of industry. What they make keeps machines running in more than a score of countries. The basis of the company's operation is the manufacture and fabrication of dozens of different felts for use as shock-absorbers and lubrication reservoirs in washing machines, steel mills, car steering columns, military vehicles and, inevitably, felt-tip pens.

In two factories in Brynmawr, their 200-strong workforce makes sisal, calico and glass fibre polishing buffs - used by manufacturers of bright-work like saucepans, cutlery and motor car trims.



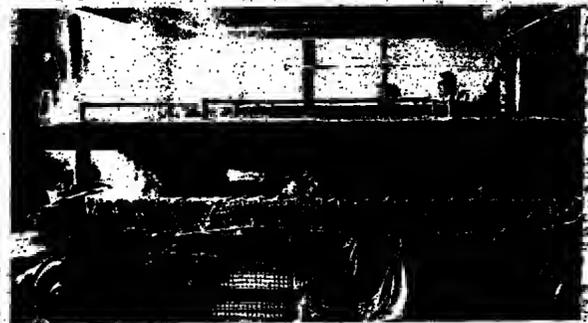
Turning the raw wool...



...via carding



Cooper's management team (left-right): production director Ray Roger, managing director Peter James, sales director John Rees.



...the steam press

Midland's involvement

Says Peter James:

"Midland Bank has become increasingly involved with our plans since we decided to buy our first factory here from the Government."

"We always keep the bank completely in the picture. The local Newport manager and the regional director have visited our plant to see exactly what's going on at every stage."

"Finance we need"

"The Midland knows what we're doing, and so they always understand why we need finance. There's never been any difficulty there - we've never had to look beyond Midland Bank Group for help."

Another member of Cooper's management team, sales director John Rees, takes up the story of their exports growth - the latest development in the company's 100-year-old association with the Midland.

International progress

"What's really been taking off for us is our markets in Eastern Europe and the Middle East - sometimes in a completely unexpected direction. Consumer standards are rising fast in these countries and so the demand for our products, especially for metal polishing, is increasing rapidly. As a result we sometimes send our specialists to these countries to advise them on their own plant development."

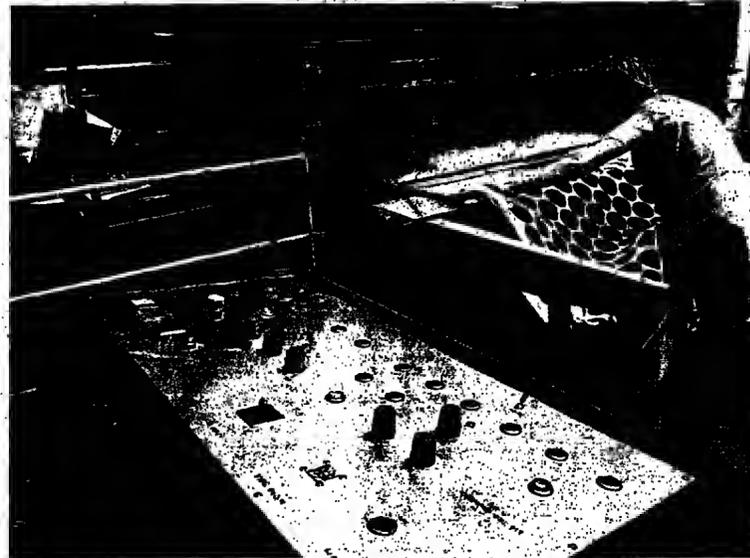
"Contracts already signed or in the pipeline total nearly £2 million"

"Finance that gap"

John Rees explains: "The Midland helps when we need finance to build up manufacturing capacity to meet these new contracts. There can be as long as two years between signing a contract and receiving payment for the first deliveries. Midland Bank's International Division branch in Cardiff has always



and soaking into solid felt: "the unseen power of industry."



Semi-automated felt-cutting.

been very willing to finance that gap, and to help speed up the actual payments."

Travel arrangements

"Peter James and I have been making two trips a year to Moscow and our engineers are often out there for up to 3 months at a time."

All travel arrangements are made through the Cardiff branch of Thomas Cook, the world's largest travel company, a member of Midland Bank Group.

"In fact," says John Rees, "Thomas Cook is one of the few names that are really well-known out there, very helpful when you're using Thomas Cook travellers cheques the other side of the Urals!"



Cooper's manufacture polishing buffs for both the home trade and a wide variety of overseas customers.

How does Midland Bank Group

Whatever your company's size and style, or the kind of banking service you need, you'll find the Midland people friendly and businesslike to deal with. Your Midland manager can also help you with a wide range of services provided by all the powerful companies that make up Midland Bank Group. Services that include facilities for term loans, leasing, hire-purchase, merchant banking, equity capital for growth companies, international insurance broking and advisory services, international and export finance, travel, factoring, investment management and trust services. Also, for very large companies, Midland's Corporate Finance Division has a team of specialists that can work directly with the company to make the best possible use of the wide range of Group services.

Talk to your local Midland manager - he can help you in touch with all the right people.



Midland Bank Group

Principal trading companies: Midland Bank Limited, Clydesdale Bank Limited, Clydesdale Bank Finance Corporation Limited, Clydesdale Bank Insurance Services Limited, Scottish Computer Services Limited, Northern Bank Limited, Northern Bank Development Corporation Limited, Northern Bank Executor and Trustee Company Limited, Northern Bank Finance Corporation Limited, Northern Bank Trust Corporation Limited, Midland Bank Trust Company Limited, Midland Bank Group Unit Trust Managers Limited, Midland Bank Finance Corporation Limited, Forward Trust Limited, Midland Montagu Leasing Limited, Galiffa Factors Limited, Midland Bank Trust Corporation (Jersey) Limited, Midland Bank Trust Corporation (Guernsey) Limited, Midland Bank Insurance Services Limited, The Thomas Cook Group Limited, Thomas Cook Limited, Thomas Cook Overseas Limited, Thomas Cook Bankers Limited, Samuel Montagu & Co. Limited (Incorporating Drayton), Drayton Montagu Portfolio Management Limited, Guyerzeller Zumbort Bank A.G., Midland Montagu Industrial Finance Limited, Jersey International Bank of Commerce Limited, Bland Payne Holdings Limited, Bland Payne Limited, Bland Payne Reinsurance Brokers Limited, Bland Payne (UK) Limited, Southern Marine & Aviation Underwriters Inc., Bland Payne Australia Limited, London American Finance Corporation Limited, British Overseas Engineering & Credit Company Limited, Drake (UK) International Limited, Drake America Corporation, Export Credit Corporation.

Lord Denning's ruling 'contrary to spirit of English law'

BY JOHN LLOYD, INDUSTRIAL STAFF

The House of Lords ruled yesterday that only the Attorney-General could apply to the civil courts for an injunction against a threatened breach in the law.

The ruling defeats the claim of Mr. John Gouriet that he, as a private citizen, is entitled to bring an action aimed at enforcing the law, even if that action does not have the support of the Attorney-General.

It overrules the Appeal Court decision of January 27 in favour of Mr. Gouriet's right to seek an injunction against the Union of Postal Workers because of their intended ban on the handling of mail to South Africa.

The decision of the three Appeal Court judges—Lord Denning, Lord Wilberforce and Lord Diplock—was regarded as being one of great judicial boldness, which set a wholly new precedent and which greatly modified the position and powers of the Attorney-General.

Mr. John Gouriet, the administrative director of the

held his right to seek an injunction against the ban. The principle previously held was that only the Attorney-General could bring an action on a matter of public interest—was thus breached.

Lord Denning, the most outspoken of the three Appeal Court Judges, said that Mr. Silkin's claim to absolute discretion in cases of public interest was "contrary to the whole spirit of the law of England."

The five law Lords who gave final judgment yesterday have decided that it was Lord Denning's ruling which was erroneous and that it should be overruled.

Lord Wilberforce began by referring to the confusion which surrounded the issues, because of "improvisations and changes of direction by the Lord and the other judges. He briefly summarised the issues as:

1—Whether, in spite of the refusal of the Attorney-General to consent to the use of his name in relation to proceedings, Mr. Gouriet is entitled to the court and ask for an injunction against the Post Office unions from soliciting

form mentioned and that, pending a decision on this claim, the court could grant interim injunctions as sought. However, the court discharged the injunctions as being no longer necessary.

"The plaintiff had no, at this stage, asked for declarations, but the Court of Appeal gave leave for him to amend his claim so as to do so. This he did.

"He also amended his claim against the Attorney-General so as to seek a declaration that notwithstanding his refusal to allow the Attorney-General to proceed with his claim against the unions for declarations and interim relief.

The unions and the Attorney-General were then treated as having applied to the court in strike out all the plaintiff's claims and such putative applications were dismissed. Leave to appeal in this House was then granted.

Lord Wilberforce referred to the statutory provisions in the Post Office Act (1963) and the Telegraph Act (1963) relevant to the provision of Post Office services:

(1) Post Office Act, section 55(1): "If any officer of the Post Office, contrary to his duty . . . wilfully delays or delays, or procures or suffers in, he detained or delayed, any . . . postal packet in course of transmission by post, he shall be guilty of a misdemeanour and be liable to imprisonment for a term not exceeding two years or a fine, or to both . . ."

(2) Telegraph Act, section 88: "If any person solicits or endeavours to procure any other person to commit an offence punishable by indictment under this Act, he shall be guilty of a misdemeanour and be liable to imprisonment for a term not exceeding two years."

(3) Telegraph Act, section 55: "If any person in the employment of the Post Office . . . wilfully or negligently omits, or delays to transmit or deliver any message; or by any willful or negligent act or omission prevents or delays the transmission or delivery of any message; he shall be liable to a penalty not exceeding £20."

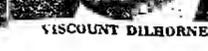
Lord Wilberforce stressed that the sections were fully applicable, but that there was no evidence of any actual breach of section 55 of the Post Office Act or of section 48 of the Telegraph Act.

It was "debatable" whether or not there had been any offence committed under section 55 of the Post Office Act.

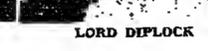
In proceeding in the main issue, Lord Wilberforce asked the court held that the plaintiff could claim declarations in the



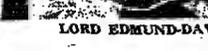
LORD WILBERFORCE



VISCOUNT DILHORNE



LORD DIPLOCK



LORD EDMUND-DAVIES



LORD FRASER OF TULLYBELTON

First, "there is now no longer a claim that the Attorney-General's refusal of consent to relation proceedings was improper or that it can be reviewed by the Court. All that is in issue now is that the refusal of the Attorney-General to act does not bar him from acting."

The Attorney-General and the unions contend that it does.

He also mentioned the wide immunity from suit conferred on trade unions, under the Trade Union and Labour Relations Act (1974), and on the Post Office, under the Post Office Act, in relation to the Post Office. Lord Wilberforce said:

"To say therefore, as has been said with emphasis, that the plaintiff or the public, 'has a right' to the services of the Post Office, is a statement, which, if relevant at all in these proceedings, is relevant only in the sense that it is accepted if 'right' is given a reduced meaning not extending to a right capable of direct enforcement by a civil court which could have been taken, but was not taken by the Attorney-General in relation proceedings. This involves consideration of the 'relator action' and of the Attorney-General's action in it.

"The relator action—a type of action which has existed from the earliest times—is one in which the Attorney-General, on the relation of individuals who may include local authorities or companies, institutes an action to assert a public right."

"It can properly be said to be a fundamental principle of English law that private rights can be asserted by individuals, but that public rights can only be asserted by the Attorney-General as representing the public. In terms of constitutional law, the rights of the public are vested in the Crown, and the Attorney-General enforces them as an officer of the Crown."

And just as the Attorney-General has in general no power to interfere with the assertion of private rights, so in general no private person has the right of representing the public in the assertion of public rights. It is contended by the Attorney-General that his action for important preliminary matters to be borne in mind.

The plaintiff argued that in

relation actions, "the introduction of the Attorney-General was a matter of practice and procedure, the subject of judicial invention: what the courts have invented is the relator action. The Attorney-General has no real part to play in these proceedings: his functions are limited to ensuring that the action is not frivolous and vexatious. It is time to discard these notions, or at least to re mould the action for use in modern times."

Lord Wilberforce comments: "My Lords, apart from the fact that to accept this line of argument would mean a departure from a long, uniform and re-

spected series of authorities, extending to the utmost power of judicial innovation, in my opinion it rests on a basic mistake. The law of the relator action is not a new invention of the Attorney-General's role with regard to the assertion of public rights."

A number of cases are cited in support of Lord Wilberforce's claim that the use of the Attorney-General's name "has never been fictional; for example, Attorney-General v. Lockwood Local Board, LCC v. Attorney-General 1902."

He also cites cases which have been cited against: Attorney-General v. The Duke of Devonshire and Others, 1890, Attorney-General v. Sheffield Gas Consumers' 1855, and London Association of Shipowners and Brokers v. London and India Dock's Joint Committee, 1892. But he interprets them either as showing the Attorney-General acting in charge of the suit, or as being inapplicable to the matter at hand.

"Announcing on the overseas cases invoked by Lord Denning during the Appeal Court stage, Thorton v. The Attorney-General of Canada, 1974, and Flast v. Cohen, 1968, 392 U.S. 83, Lord Wilberforce says: 'These are unimpressive support.'

"That it is the exclusive right of the Attorney-General to represent the public interest—even where individuals might be interested in a larger view of the matter—is not technical, not procedural, not fictional. It is constitutional. It is a part of the law, in the part or aspect of his general power to enforce, in

is concerned, Lord Wilberforce says that the right of the Attorney-General to invoke the assistance of the civil courts in aid of the criminal law is exceptional and of comparatively modern use. "It is one not without its difficulties and these may call for consideration in future."

"Further, to apply to the Court for an injunction against the threat of a criminal offence, may involve a decision of policy with which conflicting considerations may enter. Will the law best be served by preventive action? Will the grant of an injunction exacerbate the situation? Every relevant this in

the public interest, public rights. The distinction between public rights, which the Attorney-General can and the individual (absent special interests) cannot seek to enforce, and private rights, is fundamental in our law. To break it, as the plaintiff's counsel frankly invited us to do, is not development of the law, but a destruction of one of its pillars. Nor, in my opinion, at least in this particular field, would removal of the distinction be desirable."

"More than in any other field of public rights, the decision to be taken before embarking on a claim for injunctive relief, involving as it does the interests of the public over a broad horizon, is a decision which the Attorney-General alone is suited to make (see Attorney-General v. Bastow)."

"This brings me to the second argument. Surely, it is said, since the whole matter is discretionary it can be left to the Court. The Court can prevent vexatious, frivolous, or multiple actions: the Court is not obliged to grant an injunction: leave it in, the Court's hands, I cannot accept this either."

"The decisions to be made as to the public interest are not such as courts are fitted or equipped to make. The very fact that, as the present case shows, decisions are of

pressed the view that "if the Attorney-General refuses leave in a proper case or improperly or unreasonably delays in giving leave, or his machinery works too slowly."

Lord Wilberforce comments: "There is no authority for this proposition and in my opinion it is contrary to principle. In any event none of the stated hypotheses apply in the present case."

"The majority of the Court of Appeal sought, in effect, to outflank the refusal of the Attorney-General to relate the proceedings by allowing declaratory relief to be claimed and by permitting this to be used as a basis for granting an interim injunction."

"This produced the remarkable result that the plaintiff was more successful at the interim stage than he could possibly be at the final stage—for it was accepted that no final injunction could be claimed."

"In my opinion the law is clear, and rightly so, that only the Attorney-General either ex officio or ex relatione can apply to the civil courts for injunctive relief against threatened breaches of the law. The present proceedings are misconceived and should have been struck out."

"The present proceedings . . . should have been struck out."

The type to attract political criticism and controversy, shows that they are outside the range of discretionary powers which the courts can resolve.

"Judges are equipped to find legal rights, administer, well-known principles, discretionary remedies. These matters are widely outside those areas."

In conclusion, Lord Wilberforce mentioned other arguments for the plaintiff's case which required consideration.

(1) It was argued that the right to apply for prerogative writs requires a similarly liberal right to bring a relator action. "But the analogy is imperfect. . . to allow unrestricted access of individuals—to any judge of the High Court—seeking enforcement of a public right would be to depart from analogy not to apply it."

The four other Law Lords agreed with this judgement.

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The Court of Appeal granted Mr. Gouriet an interim injunction against the UPW: it also granted an injunction against the Post Office Engineering Union which had reportedly threatened its members not to deliver mail to South Africa in an emergency case.

Besides this, the Court allowed him to claim against the Attorney-General that in refusing his consent to the action, he had wrongly exercised his discretion.

The Appeal Court decision was not an unqualified victory for Mr. Gouriet, but it did up-

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"2—Whether Mr. Gouriet's claim against the Post Office unions to such injunctions or declarations is maintainable or ought to be struck out."

"The present proceedings are intended to establish that Mr. Gouriet should be allowed to go on with his action unless it is manifestly ill-founded in law."

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VISCOUNT DILHORNE

"Mr. Gouriet's contention was that the Attorney-General can only refuse his consent to the institution of a relator action if it is frivolous, vexatious or oppressive and that as the action or which he sought the Attorney-General's consent did not fall under any of these heads, the Attorney-General had acted improperly."

"The ancient cases to which we were referred show that there was a time when the Attorney-General freely gave his consent to such actions, but since the days of Lord Eldon, the Attorney-General has exercised considerable control."

"The figures with which we supplied show that over last 25 years or so the

VISCOUNT DILHORNE

number of applications for the Attorney-General's consent has increased, and while a good percentage of them are refused, the number of such actions has also increased.

"If indeed the only purpose of the Attorney-General's consent was to give him the opportunity of saying in advance of the courts that an action was frivolous, vexatious, or oppressive, this function of his would serve little useful purpose."

"Again, in my opinion this contention for which no authority was cited must be rejected. The Attorney-General did not in my opinion act improperly as suggested on behalf of Mr. Gouriet."

LORD DIPLOCK

"In modern statutes which object to protect the health of society or the welfare of the public by prohibiting conduct of a particular kind, it is not infrequently the case that the prohibited conduct is made a criminal offence and a civil remedy for which a remedy in private law is available to any individual member of that society who has suffered damage as a result."

"So it creates a private right to be protected from loss or damage caused by the prohibited conduct."

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"Were it the case that Mr. Gouriet had, in general, a right to apply for the relief sought, the ultimate question is whether, even so, he would not himself be barred by the special position of trade unions under our law."

"The Trade Union and Labour Relations Act 1974 provides by section 14 that: 'No action in tort shall lie in respect of any act just alleged to have been done by or on behalf of a trade union which is not a special restraint body . . . against the union . . . in its capacity as such, or against any members or officials of the union . . . on behalf of themselves and all other members of the union . . .'

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LORD FRASER OF TULLYBELTON

"Even if the analogy between private injunctions and private prosecutions had been closer than it is, I would have been reluctant to accept the argument for the plaintiff."

"The use of injunctions to prohibit conduct, solely because it is criminal, is quite a recent development and it is one which is not without its dangers."

"The effect of an injunction issued in such circumstances is to add a discretionary penalty for contempt of court to the criminal penalty, which in the case of a statutory offence will have been fixed by Parliament. Further, breach of an injunction will be dealt with in the

MPs call for more help for reservists

BY MICHAEL OONNE, DEFENCE CORRESPONDENT

MAIN'S reserve forces would not consider, from proved cash sources, better equipment, and more extensions of support by high-level members of the Government, including the Prime Minister.

These are among a long list of recommendations for the overall improvement of the size and size of the reserve forces, by the Defence and Internal Affairs Sub-Committee of the House of Commons' External Committee in a report on reserves and reinforcements, released yesterday.

The sub-committee says that the U.K.'s regular forces cannot to NATO's common enemy of war, would rely for reinforcements on an amount of reserves, both regular and volunteer.

It, however, well trained, cannot hope to match the defence and expertise of the regular forces unless much attention is now paid to training deficiencies.

The report suggests that the Government should recall reser-

vises need review, with the aim of speeding up the mobilisation process.

Reinforcements

It also suggests that the Government, from the Prime Minister down, should give greater public support to the reserves, and existence of reserve forces, especially as a means of stimulating recruitment.

The sub-committee is concerned that the U.K. reinforcement policy is at present in a state of flux, and that only a relatively small number of available reserves, and particularly regular reserves, are earmarked for wartime reinforcement roles; and that no plans exist, and none is envisaged, to bring in reinforcements after an undisclosed number of days of fighting.

The policy as outlined by the sub-committee also does not include any plan for general nationwide mobilisation and conscription, even in time of war, so

that after a period of fighting during which existing available reserves would have been used up, there would be no facilities for bringing more men up to battle readiness.

"Reserves are a matter of national policy, and the U.K. concept outlined above is not shared by all members of the Alliance," it says.

"We believe that if other NATO countries were to follow the U.K. policy in this respect there would be a danger of an un-disclosed number of days of conflict, and with no resolution of the political negotiations, that NATO would be left with no alternative flexibility of response and might be thrown back on the nuclear option."

"We have set out the position as we see it in stark terms, since we believe it illustrates the inevitability of U.K. policy in relation to the possible duration of a conflict, and the capability of making a transition from a short to a longer war."

Ratifying widely over all aspects of the reserve forces, the sub-

committee question, the Department of defence now placed on civil transport to spare contingents as well as the unit after retraining in the military Transport Force.

"In this connection, we have drawn attention to the apparent discrepancies and deficiencies in the arrangements for the transport of reinforcements, and we have expressed particular concern on the basis of our visit to Norway in the U.K.'s ability to reinforce its own forces."

"We were left in absolutely no doubt of all the officers, British and Norwegian, to whom we spoke, that unless reinforcements were speedily raised, the war-time period of military tension, they would probably not get there at all."

The sub-committee also expressed concern over equipment shortages in the Westland Wessex helicopter in Northern Ireland conditions, and urged that reinforcements be made to the main factories to get these helicopters, especially since the Wessex still has several years of operational life.

The sub-committee was also concerned to state that the Gazette and the Army's recruitment, although the important role could be one of the tasks assigned to it, and it can be readily adapted, as France has done, to carry out such as the

ment, particularly in the Territorial Army Volunteer Reserve.

"Our fear is that such handicaps as we have described in these cases, prove too great to be overcome by the traditional, and justly extolled fighting qualities of the British soldier, whether regular or reserve."

The sub-committee also studied the question of bonuses—the cash payable to reservists liable for training and call-up in the event of emergencies.

Attending that in a time of inflation, a more frequent review of bonuses are necessary if they are to retain their incentive value, the sub-committee says that the annual cost of raising bonuses by 50 per cent would amount only to £25m, and that if this was increased to the extent of raising recruitment to 100 per cent of the required establishment, the annual cost would rise to £45m.

"We consider that an extra £45m on an annual budget of nearly £60m would be a highly worthwhile investment." While recognising the financial constraints on the Defence Budget, the sub-committee believes it to be "unacceptable that members of the TA VR who serve up their time in the service of the country should suffer financial loss."

It accordingly urges an immediate increase in bonuses.

The sub-committee also points out that apart from the voluntary reserves there are many who leave the regular forces who could provide a useful back-up pool of manpower in any emergency.

It urges the Ministry of Defence to bring the fact in the attention of other Government departments and other interested bodies, with a view to establishing whether they might wish to share in this pool of reserves.

"We believe that, in general, the standard of equipment and training of the Reserve Forces and Auxiliary Forces is high, and that a few well equipped areas in the supply of equip-

HOME CONTRACTS £3.2m. Sugar Corp. order for Walker

C. AND W. WALKER HOLDINGS, Shropshire, has received an order from the British Sugar Corporation for the supply and erection of 18 x 4-tonne silos, each capable of storing 72,000 lbs of white sugar. Total value of the contract is £3.2m.

INTERNATIONAL COMBUSTION has been awarded a £2.25m. order to build a flouropar processing plant for the British Steel Corporation at Wearside, Co. Durham. The plant, scheduled to start operation in the summer of 1978, will produce 10 tonnes of flouropar briquettes per hour.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

B-1 income was 6% of Rockwell

PITTSBURGH, July 26. ROCKWELL INTERNATIONAL Corporation said the B-1 bomber programme, including production efforts, contributed about 6 per cent of the company's earnings in the first nine months of 1977, when net earnings were \$102.5m, against \$86.2m in the same period last year. Reuter reports from Pittsburgh.

The company said it made provisions for non-recoverable costs associated with the cancellation of the B-1 production programme in the third quarter, but the amount of the provisions was not immediately available.

Rockwell reported nine months (to June 30) net earnings a share of \$2.97, on revenues of \$4.25m, compared with \$2.52, on \$3.8m.

The company said its third quarter profits were adversely affected by lower earnings in aerospace operations, due principally to inventory revaluations and increased development costs in the business jet aircraft division as well as the B-1 provisions.

The aerospace operations also were affected by lower profit margins in the space shuttle programme.

It also said it had once only losses in the quarter from its decision to discontinue marketing electronic calculators worldwide.

Other adverse factors in the quarter included an increase in effective tax rate due to higher taxes related to foreign operations and increased interest costs attributable to short-term foreign borrowings.

The company's backlog at June 30, including unfunded aerospace orders, was \$4.35bn, versus \$4.09bn.

Third quarter net earnings were \$37.0m, or \$1.07 a share, against \$31.3m, or \$0.92 a share. Revenues were \$1.47bn, against \$1.3bn.

Gulf Oil ordered to release Westinghouse documents

NEW YORK, July 26. GULF OIL has been ordered to hand over to Westinghouse Electric sensitive documents dealing with the company's alleged involvement in an international uranium cartel.

A Federal Judge in Pittsburgh has overruled a claim by the company that the documents are confidential on the grounds of attorney-client privilege and ordered the transfer to be made by the end of the week.

Judge Daniel J. Snyder said that there is strong evidence that an upsurge in U.S. uranium prices was in part the result of coordinated action by uranium producers.

Westinghouse has alleged that

Gulf and 28 other producers conspired to drive up prices. The company was forced to invoke the uniform commercial code and back out of contracts to deliver uranium which could have involved the company in losses of up to \$2.5bn.

Separately Gulf Oil reported yesterday that its second quarter net income rose to \$216m, or \$1.11 a share, from \$208m, or \$1.06 a share.

For the first six months of 1977 however net income fell 6 per cent from \$406m, to \$382m, (\$1.96 a share).

The decline was primarily a reflection of a depressed trading environment overseas, where net

German aerospace talks

By Jonathan Carr
BONN, July 26.

THE FUTURE shape of the West German aerospace industry—and in particular the possibility of some form of merger between its two leading companies—will be under discussion here on Thursday.

Taking part in the talks will be Dr. Ludwig Boelkow, board chairman of Messerschmitt, Boelkow Blohm (MBB), and Herr Martin Cruener, co-ordinator at the economics ministry for the country's aerospace industry. At issue is how the civil and military activities of the industry might be re-grouped and what part a merger between MBB and the German-Dutch company, VFW-Fokker, can play in bringing this about.

The Bonn government would like to see a more rational organisation of the industry. And it is understood that the Dutch government is not against the start of talks on a VFW-Fokker-MBB merger.

But there are problems. A merger would have to mean a cut in current overcapacity in the industry, especially in the civil aircraft construction sector. The substantial public funds would be needed when and just how much remains to be seen.

Then the current shareholding position in MBB makes a quick solution more difficult. Both the City-State of Hamburg and the state of Bavaria have blocking minorities of more than 20 per cent of MBB's share capital. Hamburg took its stake last year. Bavaria increased its existing holding to more than 20 per cent this month. It had been at first thought that both would quickly pass on part of their stakes to industrial or business concern, with the Robert Bosch Electricals group and the Allianz Insurance Company among the most likely buyers.

Private sector takes the lead in Italian study

BY PAUL BETTS
ROME, Jul

AGAINST a background of growing turbulence in Italy's national industries, the Italian state-owned "term credit" agency, Mediobanca, is to publish shortly a study showing that the private sector has done considerably better than the State sector in spite of the country's economic difficulties.

Comparing the performance of 178 State-controlled companies with 617 private concerns, the report shows that between 1968 and 1976 public companies as a whole have lost a total of L5,975bn, (\$2.7bn), compared with accumulated losses by private companies of L1,662bn, (\$1.1bn), during the same period.

At the same time, the indebtedness of public companies has more than quadrupled over the last eight years.

The report points out that the financial and banking system has granted practically twice as much credit, and often more favourable terms, to public concerns compared with private ones although these are far more labour intensive. With gross investments (totalling about L21,000bn), private companies employed more than 10 million people, while nationalised companies, with gross investments of L24,000bn, employed only half that number.

These figures come at a time when Italy's major State-owned groups, torn by internal dissension and mounting financial difficulties, are facing their worst time since the war.

The latest to be hit is the national energy company, ENI, now at the centre of a political row following a top management revolt and the subsequent resignation of a number of management figures. A similar row opposed the Christian Democrats over the traditional strategic control of Italy's largest State-controlled confectionery concern, Motta and Alemagna (reported to be losing between 200 and 1,500bn, this year), and the re-

Rise at Tex Instruments

TEXAS Instruments' profits in the second quarter rose to \$27.8m, or \$2.14 a share, from \$22.5m, or \$1.92 a share, in the same period of 1976. At the same time, the company has a record high of \$809m, up \$72m from the end of the first quarter. Sales in the second were \$493.3m, compared with \$392.2m, a year earlier. For the half-year net was \$54.1m, or \$4.11, against \$43.8m, or \$3.41, in the first half of 1976. Sales up to \$955.2m from

Cons. Edison in with record

BY JAY PALMER
NEW YORK, July 26.

CONSOLIDATED Edison, New York's monopoly supplier of electricity, has reported higher profits and revenues for both the second quarter and the first half of this year.

The increased profits, expected by most analysts and modest by the standards of many corporate sectors, will inevitably increase political attacks on the power company. Numerous investigations into the recent 24-hour blackout are starting and it is conceivable that Con. Ed. will be considered negligent and ordered to pay immense damages.

In the April to June quarter of this year, before the June 13-14 blackout, Con. Ed. returned a net profit of \$60.8m, an increase of just over 11 per cent on the \$54.8m, recorded for the same period of 1976 and a record return for the spring period.

Revenues climbed more modestly to \$882m, from \$875m.

This sharp quarterly gain left the utility company's six month returns well ahead with net profit at \$156m, compared with \$137m, in 1976. Earnings per share climbed to \$2.18 from \$1.87 while revenues, again much more modestly, rose to \$2.95bn, from \$2.76bn.

Although the impact will not show up until later this year, Con. Ed. was at pains in its statement to detail the adverse impact of the blackout. It will suffer unmeasurable revenue losses, a spokesman said, as well as heavy costs for repairs, service restoration and workers' overtime. All this could total over \$10m.

In addition Con. Ed. has had to pay and later recover from insurance companies, about \$10m, to replace equipment damaged by the storm and

Company	1977	1976	Company	1977	1976	Company	1977	1976	Company	1977	1976	Company	1977	1976
ATLANTIC RICHFIELD CO.	Revenue 3,255m	2,115m	RAISER STEEL	Revenue 191.9m	206.7m	REICHHOLD CHEMICAL	Revenue 175.7m	151.1m	COMBUSTION ENGINEERING	Revenue 507.4m	481.6m	NATIONAL STEEL	Revenue 826.5m	754.8m
PHILLIPS PETROLEUM	Revenue 1,587m	1,438m	GAF CORPORATION	Revenue 1,260.5m	1,233.3m	ZENITH RADIO CORP.	Revenue 483.1m	450.0m	STERLING DRUG	Revenue 559.7m	526.2m	BORG-WARNER CORP.	Revenue 967.3m	924.3m
SHELL OIL CO.	Revenue 2,570m	2,270m	PENNZOIL COMPANY	Revenue 286.1m	270.8m	BIC PEN COMPANY	Revenue 40.3m	34.4m	UNION PACIFIC CORP.	Revenue 604.8m	487.0m	AMERICAN CYANAMID	Revenue 500.7m	509.2m
MARATHON OIL	Revenue 1.1bn	0.89bn	BORDEN	Revenue 915.1m	899.3m	ARMSTRONG CORP.	Revenue 250.1m	256.4m	REVLON	Revenue 294m	222.6m	WYERHAUSER	Revenue 842.5m	732.3m
	Profits 191.23m	135.88m		Profits 37.9m	32.9m		Profits 15.53m	16.84m		Profits 25.3m	21.2m	SECURITY PACIFIC	Revenue 1.582bn	1,376bn
	Per Share 1.57	1.19		Per Share 0.34	0.52		Per Share 0.64	0.64		Per Share 0.83	0.70	WELLS FARGO & CO.	Revenue 448m	430m
	Six Months 5.631bn	4,210bn		Six Months 241.5m	364.1m		Six Months 682.5m	608.2m		Six Months 784.2m	718.5m		Revenue 19.8m	20.9m
	Profits 338.47m	269.37m		Profits 13.5m	15.2m		Profits 50.39m	50.39m		Profits 43.2m	44.8m		Profits 32.7m	47.0m
	Per Share 2.77	2.37		Per Share 0.95	2.99		Per Share 1.79	1.79		Per Share 1.43	1.38		Per Share 0.76	1.08

This announcement appears as a matter of record only.




الشركة الوطنية للصناعات الكيماوية
Société Nationale des Industries Chimiques

\$36,000,000
Medium Term Financing
for the importation of equipment from

CTIP S.p.A.
Guaranteed by

Banque Extérieure d'Algérie

Managed by

First Boston (Europe) Limited
Kuwait International Investment Co. s.a.k.
Banque Intercontinentale Arabe/Arab Bank for Investment and Foreign Trade

Gulf International Bank, Bahrain
Security Pacific Bank
Western American Bank (Europe) Limited

Provided by

Kuwait International Investment Co. s.a.k.
Banque Intercontinentale Arabe/Arab Bank for Investment and Foreign Trade
Gulf International Bank, Bahrain
Security Pacific Bank
Western American Bank (Europe) Limited
Associated Japanese Bank (International) Limited
Provincial Bank of Canada
Arab Bank Overseas Limited
Atlantic International Bank Limited
Banque Commerciale pour l'Europe du Nord (Eurobank)
The Daiwa Bank Limited
Industrial National Bank of Rhode Island
Mellon Bank, N.A.
The Royal Bank of Canada International Limited

Agent Bank:
Security Pacific Bank

Bastogi International Limited acted as advisor to CTIP in this transaction.

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الشركة الوطنية للصناعات الكيماوية
Société Nationale des Industries Chimiques

\$14,000,000
Medium Term Financing
for the importation of equipment from

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Guaranteed by

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Managed by

First Boston (Europe) Limited
Lavoro Bank International
Bastogi International Limited

Provided by

Bastogi International Limited
Banca Commerciale Italiana Overseas
Gaspigne Overseas Bank Limited
Credito Italiano (London)
Italian International Bank Limited
Lavoro Bank International
Banco di Roma, London Branch

Agent Bank:
Lavoro Bank International

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Engineering sales raise Voest-Alpine profit

BY PAUL LENDVAI

VIENNA, July 26

RICH, July 26. National Bank...

National Bank... to clarify...

Tunnel go

Bank Leumi to raise \$35m.

BY L. DANIEL

TEL AVIV, July 26. Bank Leumi de-Israel...

VOEST-ALPINE, the nationalised Austrian steel and engineering concern...

A detailed breakdown of the annual report shows that the turnover of the parent company...

The good performance in this sector also helped to improve the financial picture...

Exports were clearly a major factor behind the rise in turnover accounting for 69 per cent of the group sales...

With regard to the first half of 1977, business both in terms of sales and profits has been described as "unsatisfactory"...

Between 1973 and 1976 the share of exports in parent company turnover rose from 45 per cent to 65 per cent of the total.

The growing share of industrial engineering and foreign ventures are regarded by Dr. Koller...

During 1976-1981 the Voest-Alpine concern needs additional capital to the tune of Sch.4bn.

Meanwhile new production plants in Brazil and Venezuela...

Hongkong & Shanghai Bank lifts dividend

By Philip Bowring

HONG KONG, July 26.

HONGKONG AND SHANGHAI Banking Corporation has raised its interim dividend...

The dividend will cost HK\$75.5m. The directors expect to be able to maintain last year's final dividend of 44 cents...

Perrier moves in Brazil

PERRIER SA, the French mineral water and soft drinks group...

Perrier will distribute Pepsi-Cola and other sodas in the States of Rio and Sao Paulo...

Coles sharply ahead of the retail trend

BY JAMES ORTH

SYDNEY, July 26.

MAJOR variety and food retail chain, G. J. Coles, boosted earnings by an impressive 31 per cent...

The improvement is better than reported by most major retailers for the first half of 1976-77...

It appears that consumer spending over the past year has been concentrated more in food and the cheaper end of the market...

its profit per sales dollar from 3.55 cents to 3.67 cents. On an after-tax basis it rose from 2.22 cents to 2.23 cents...

Coles's profit includes a dividend of \$4735,000 from its 49 per cent interest in discount retail group, K-Mark Australia...

On a pre-tax basis Coles lifted

the more expensive profits supplied by retailers such as Myer and David Jones...

During the year fifteen variety stores and thirteen food markets were closed under the normal policy of closing small and unprofitable units...

Kajima lowers its sights

TOKYO, July 26.

KAJIMA Corporation expects a 19 per cent fall in taxed profit in the year to November 30...

Sales will also fall slightly to ¥560.92bn. last year, the company said...

Orders received by the company to the first half fell 11.1 per cent to ¥243.2bn.

NET consolidated income of TDK Electronics totalled ¥5.57bn. (¥4.06bn.) first half ended May 31.

Societe Generale

BRUSSELS, July 26.

SOCIETE GENERALE de Belgique SA said in its half-year report that profits can be expected to rise this year...

Net profits for 1976 totalled B.Frs.784.09m. against B.Frs.1.31bn. the group portfolio was valued at B.Frs.17.23bn. at June 30...

DAI NIPPON Printing, Japan's biggest printing company, says net profit for the fiscal year ended May 31 rose to ¥12.55bn.

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IMF talks on Mid East bank

A DELEGATION from the International Monetary Fund...

to-day, such departments exist in Abuja of the Ministry of Finance...

The currency board currently fulfils some of the functions which would normally be carried out by a central bank...

After completing its contacts in the U.A.E. the IMF delegation is to prepare a report including its recommendations on how to go about establishing a central bank which would replace the currency board.

Prices of interest-linked bonds rose by an average of 4 per cent on the Tel Aviv Stock Exchange following the price increases of 1975.

Bank of Tokyo, Ltd. Floating Rate U.S. Dollar Certificates of Deposit. Maturity date 30 July 1980.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS. Table with columns for bond type, bid, offer, and price.

AL PLANT INTERNATIONAL LTD. member of the MITCHELL COTTS GROUP. LONDON and PARIS. Signed an exclusive co-operation agreement with Banque Belge Ltd.

In mid-1977... improved earnings reflect continued worldwide demand for Allis-Chalmers equipment. Results for the six months ended June 30: Net Income (millions) \$ 10.4, \$ 15.2, \$ 17.2, \$ 37.5, \$ 42.6.

Further 6.4 loss in early trading

BY OUR WALL STREET CORRESPONDENT

STOCK PRICES continued to retreat in early moderate trading on Wall Street today. The Dow Jones Industrial Average showed a further recession of 6.41 at 907.83 at 1 p.m., while the NYSE All Common Index declined 23 points more to \$94.97. Turnover picked up to 13.9m. shares from 11.8m. at 1 p.m. yesterday, while losses outpaced gains by nearly a two-to-one ratio.

Analysts said profit-taking again took its toll of the market, while there was also renewed concern about the outlook for the economy and the possibility of another rise in interest rates.

U.S. Steel lost \$1 to \$37 on sharply lower earnings. Inco, most actively traded, were down \$1 at \$22 after a block of 125,000 shares changed hands at \$22.

Exxon retreated \$1 more to \$51.1, still on lower earnings. Allied Chemical shed \$1 to \$48 1/2.

Closing prices and market reports were not available for this edition.

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MONDAY'S ACTIVE STOCKS

Stock	Change
U.S. Steel	-1
Inco	-1
Exxon	-1
Allied Chem	-1

OTHER MARKETS

Canada depressed

Recent weakness on Canadian Stock Markets persisted yesterday morning in this trading.

The Toronto Composite Index reached 4,072.42 at noon, while Metals and Minerals fell 2.9 to 1,001.5 and Oils and Gas lost 0.5 to 124.5.

Inco "A" \$24 1/2, and Bow Valley \$20 1/2, each lost \$1, while Harjurgan \$19 1/2, Husky Oil \$30 1/2, and Great-West \$15 1/2, each gained \$1.

Sullivan Mining declined 3 cents to \$11.2 on an increased nine-month loss.

PARIS—No decided trend ahead of the French Prime Minister's speech broadcast, scheduled for later in the day.

Oils gained ground following

settlement of the Franco-British dispute over allocation of exploration rights in the Mer d'Iroise.

Chemicals and Motors were also firmer, but Food, Engineering and Metals were unchanged.

Foreign issues were mostly weak, with International Oils showing the heaviest falls. Gains were irregular.

AMSTERDAM—Generally easier, reflecting the overnight downturn on Wall Street and the continuing weakness of the dollar.

Royal Dutch led Dutch Industrials FLS-1.90 lower. Trading and Industrial stocks softened.

Insurance was steady, although KLM shed FLS2.10 ahead of its annual meeting to-morrow.

BRUSSELS—Shares were mainly lower in slow trading.

Societe Generale eased B.Fr.10 to FFr.2,075 despite forecasting higher 1977 profits.

Among Steels, Cockerill slipped B.Fr.10 to B.Fr.475, while Non-Ferrous Metals had Asturienne down B.Fr.20 to B.Fr.750.

In earlier Oils, Petrofina shed B.Fr.20 to B.Fr.130. Chemicals and Utilities were narrowly mixed.

GERMANY—Market partially overcame nervous early trading to finish on a mixed note.

In higher Utilities, RWE rose DM2.50, while Engineering led GHH down DM2.50, but Thyssen Industrie up DM3.50.

Deutsche Bank eased DM1.50, while BASF and Bayer, in Chemicals, both shed DM0.50, but Rohm, in Stores, improved DM1.50.

Public Authority Bonds continued to firm with gains to DM0.45, but the Regulating Authorities bought DM2M nominal of stock after selling DM5M the previous day.

SWITZERLAND—Narrowly mixed in quiet Settlement Day dealings.

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NEW YORK

Stock	High	Low
Industrial	907.83	907.83
Dow Jones	907.83	907.83
NYSE All Common	94.97	94.97

STANDARD AND POORS

Stock	High	Low
Industrial	116.87	116.87
Composite	108.85	108.85

INDICES

Index	July 27	July 26	July 25
Industrial	907.83	914.24	920.65
Dow Jones	907.83	914.24	920.65
NYSE All Common	94.97	97.38	100.79

FOREIGN EXCHANGE

City	Rate
London	1.6280
Paris	6.5596
Frankfurt	1.4756

CURRENCY RATES

Country	Rate
U.S. Dollar	0.684780
Swiss Franc	1.17788
Japanese Yen	3.6094

EXCHANGE CROSS-RATES

City	Rate
London	1.6280
Paris	6.5596
Frankfurt	1.4756

EURO-CURRENCY INTEREST RATES

Term	Rate
3 Months	7.75%
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The U.S. dollar and its Canadian counterpart continued on the day. Gold fell \$1 to \$1451-1461.

JOHANNESBURG—Golds were mainly steady, although trading was heavier.

Financials, Minings were quiet and easier were traded. De Beers fired 7 cents to R77 on U.K. buying interest.

Coppers traded easier, and Asbestos issues drifted lower, but Cost shares occasionally hardened and zinc were higher.

Industrial issues were mixed.

HONG KONG—The market was fairly active in moderate trading, with "Blue Chips" meeting persistent demand, and very little support.

Hong Kong Bank declined 10 cents to HK\$17.60, while Jardine Matheson and Swire Pacific lost 2 cents each to HK\$14.00 and HK\$10.00 respectively. Hong Kong Land, Hutchison and Wheelock-Marden fell 5 cents, each, to HK\$6.75, HK\$3.175, and HK\$2.50 respectively.

TOKYO—The market weakened, with "Blue Chips" leading the fall in the absence of fresh favourable market factors.

Volume 180m. shares (130m.). Electricals, Motors and Precision Instruments were sharply lower in line with overnight Wall Street. Sharp declines in TDK Electronic Y50 to Y1,460, Victor Y45 to Y288, Olympus Y15 to Y280, and Honda Motor Y15 to Y2,470 on selling by foreign investors.

Among limited gainers were low-priced "speculatives".

AUSTRALIA—Markets were mixed.

BITP recovered 14 cents to \$43.50 following recent weakness on the results.

Coles, however, eased 2 cents to \$43.44 after news. Myer shed 2 cents to \$41.35, while Land Lease were 10 cents lower at \$42.25.

Banks and Sugars also eased.

Gold shares firmed on a higher gold Bullion price, with Central Norseman adding 25 cents to \$43.55, while higher tin prices lifted Renison 14 cents to \$43.44.

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Flat rose L22 to L1,734. Sola Viscoia L13 to L1,200, and Pirelli L14 to L1,913.

Aule, however, lost L4 to L154 following reports of a higher gold Bullion price, with Central Norseman adding 25 cents to \$43.55, while higher tin prices lifted Renison 14 cents to \$43.44.

Public Authority Bonds continued to firm with gains to DM0.45, but the Regulating Authorities bought DM2M nominal of stock after selling DM5M the previous day.

SWITZERLAND—Narrowly mixed in quiet Settlement Day dealings.

Swissair eased Fr.10 to Fr.723 on profit-taking after recent strength.

In Financials, Bally Bearer led Fr.20 to Fr.1,110, but Nestle Bearer,

IRMING AND RAW MATERIALS

le 'able urvive per fall'

SANTIAGO, July 26

EXTERNAL financial aid remain unaffected trend in world commodities even if it continued. Central bank president Bardon claimed 15 up to the foreign pay set for this year. The government had already 100m. of foreign trade in 1976. Copper prices in 1978 the central bank into its reserves, 1 at \$700m. exports at present 35 per cent. of earnings come from copper. Bardon said. This would ease in exports industries and manufac-

it was announced a State-owned copper mine will take production costs. Manager, Sr. Manuel in a note circulated in the move to ease restrictions on near of new workers, time and eventually economies were necessary of the continued mineral content of Chilean copper mines. Chilean El Salvador was the upward trend in costs and unrealistic copper prices. Copper prices eased at Santiago yesterday, is now awaiting the new talks being held at and Felipe Dodge end to the copper strike that began on

also fell, in spite of increase in the market overnight. Sales halted the trend and cash 22.5 lower at \$8,283

alm oil cut INGTON, July 26. U.S. coconut oil futures declined in the early part of the day, but recovered in the afternoon. Fats and Oils bid that in October, 1977, palm oil fell 47.5m. a third 12m. for the same earlier. Soybean oil fell 10.8m. lbs., down the year before.

iodity MARKET REPORTS AND PRICES METALS

APPOINTMENT WANTED

CLASSIFIED ADVERTISEMENT RATES

FOR FURTHER DETAILS WRITE TO: Classified Advertisement Manager, Financial Times, 10, Cannon Street, EC4A 3DF.

Nickel price war looms as Inco rescinds rises

BY JOHN EDWARDS, COMMODITIES EDITOR

THE NICKEL market was thrown into disarray yesterday after an announcement by International Nickel of Canada that it was rescinding price increases announced as far back as last October. Even more significant was the fact that the company is refusing to quote new prices, claiming that any price charged to customers will be considered "confidential". This seems to suggest that International Nickel is abandoning its role as the traditional price leader in the nickel industry. The company's move sets the scene for an all-out price war reflecting the very depressed conditions in the Western world nickel market. It is estimated that stocks held by producers have now built up to 550,000 lb., which is equivalent to six months supply. Inco is holding the bulk of these stocks. In its second quarter report, Inco admitted that International Nickel admitted the combined producer and consumer stocks were at record levels. In the first six months of the year the company's deliveries of nickel dropped to 461m. lb. compared with 470m. lb. in the comparable period of 1976. It was forecast that 1977 earnings would not match the 1976 level. Other nickel producers were yesterday "stunned" by the situation while they attempted to find out what the Inco move meant in market price terms. Initial reports in the U.S. indicate that Inco is now offering its first grade cathodes and pellets at \$2.20 a pound, compared with the official posted price of \$2.41 announced last October but never fully introduced. "Real" nickel prices, paid by consumers, have been virtually impossible to confirm during the past six months because of the big rebates or discounts offered by producers in an attempt to boost sales or, more importantly, to retain their share of a declining foreign market.

Call for cattle breeding probe

BY CHRISTOPHER PARKES

BRITISH PEDIGREE cattle breeders yesterday called for an independent investigation of their charges that the Milk Marketing Board is covering up artificial insemination on the farm will strengthen the monopoly position of the Milk Marketing Board and weaken the national blood lines. They got their answer later in the day after a meeting between Sir Emrys Jones, chairman of the National Cattle Breeders' Association, and Gavin Strang, Parliamentary Secretary at the Ministry of Agriculture. The Ministry announced that because of "misunderstandings" about the purpose of new rules there would be an inquiry into this matter into the way bulls are selected and approved for use in artificial insemination, but it would be managed by men from the Ministry. There could be no question of the new regulations being imposed until the inquiry was finished, as the cattle breeders wanted. The appeal for a probe traditionally the last before the start of a "breeding season" in London. Major-General Ponnda, head of the Milk Marketing Board, said that the board was not aware of any such charges. He said that the board was not aware of any such charges. He said that the board was not aware of any such charges.

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Recovery in coffee prices

By Richard Mooney

COFFEE FUTURES staged a sharp rally on the London commodity market yesterday in spite of the continuing "bearishness" of fundamental factors. Prices had opened up to \$30 a cask lower, but a return of the heavy speculative buying which boosted prices on Monday afternoon lifted nearby positions dramatically. The sharpest rise was for September coffee, which ended the day at \$211.5, higher at \$225.5. As on Monday the speculative activity was assumed to be supported by the EEC Commission's review of the coffee market by the Brazilian authorities. Dealers confirmed that there was nothing in fundamental developments to encourage the upward strength of the market but with the support of buying and selling, the market was easily brushed aside. The market also appeared to have ignored a report by Mr. Ernest Jones-Farr, secretary of the London-based International Sugar Organisation, to restart the conference next autumn.

India may cut cotton imports

BOMBAY, July 26

THE COTTON Corporation of India says it is unlikely to import about 250,000 of the 1.4m. bales of cotton for which foreign exchange was sanctioned for the current year. Even contracted imports are not being lifted here because of the good indigenous crop, reduced mill consumption due to a switchover to man-made fibres, and encouraging prospects for the new crop. The National Farmers' Union also insists on the need for central bank control, an appeal for which foreign exchange was sanctioned for the current year. Even contracted imports are not being lifted here because of the good indigenous crop, reduced mill consumption due to a switchover to man-made fibres, and encouraging prospects for the new crop.

YUGOSLAV WHEAT CROP DISAPPOINTS

BELGRADE, July 26

YUGOSLAVIA'S wheat harvest this year was a disappointing 5.4m. tonnes, 10 per cent. below last year's yield, according to Tanjug, the official news agency, reports UPI. One reason for the drop was bad weather early in the season which reduced the area of land sown with wheat by 19 per cent.

SOYABEAN MEAL

MARKETS OPENED UNCHANGED.

SOYABEAN MEAL - Markets opened unchanged. Soyabean meal prices were steady in a flat market. Soyabean meal prices were steady in a flat market. Soyabean meal prices were steady in a flat market.

SUGAR

LONDON DAILY PRICE (NEW SUGAR)

LONDON DAILY PRICE (NEW SUGAR) - Markets opened unchanged. Sugar prices were steady in a flat market. Sugar prices were steady in a flat market.

SUGAR MARKET

Recovery in coffee prices

Fresh bid to keep pact talks alive

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

EEC GOVERNMENTS agreed to look at what the Community might be able to do to help restart the International Sugar Conference, a system embodying both stockpiling and export quotas. Mr. Judd pointed out to-day that sugar was near the top of the list of products for which producer countries have agreed that they would like to see international agreements negotiated. He argued that if the sugar conference could not be reconvened next autumn, a valuable opportunity would have been missed in the effort to establish better relations between the industrialised and developing nations. M. Claude Cheysson, EEC Commissioner for development aid, said in reply to Mr. Judd that the Community had adopted its position on reserve stocks because it had been supported by the World Bank. Quotas are favoured by a number of countries participating in the present London talks between 20 leading exporting and importing nations which were called to see whether sufficient common ground exists to reconvene the negotiating conference in Geneva.

Mandate

The Commission's present mandate is considered inadequate

The Commission's present mandate is considered inadequate in some quarters, because it provides only for an international agreement based on the stockpiling of sugar. By contrast, the U.S. and a number of producer countries favour a system of export quotas. According to officials here, U.S. has recently shown signs that it is prepared to be flexible, every avenue, and some fairly extraordinary developments will be explored.

India may cut cotton imports

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Surplus

BRUSSELS, July 26

Belgian sugar market surplus put the EEC's production surplus for the coming season at between 2m. and 3m. tonnes, but said the Commission might decide to hold back some sugar from the market in view of the recent world prices. Commission sources said that if world prices declined even further, the Commission might have to consider a denaturing scheme for surplus sugar to be used for animal feed. However, no such plans have been discussed at the moment. The Commission dislikes the idea of rendering sugar unfit for human consumption and will only do so if it could be proved conclusively that such a scheme was lower than those for storage and export rebates to EEC traders.

New hope for Australia-Japan deal

SYDNEY, July 26

CSR, the Australian sugar industry's agent, has welcomed the news that a senior Japanese government official is to visit Australia for talks on the dis-ruptive sugar pact. Mr. Vic Sullivan, Queensland's Primary Industries Minister, said earlier in Brisbane that Domestic pressure virtually rules out any possibility of them being extended again beyond August 15. The Australians are prepared to make substantial price concessions in the period to June 1980, but only if the contract is extended, assured a fixed price.

U.S. Markets

NEW YORK, July 26

PRECIOUS METALS were firm on speculation buying but the weaker dollar. Copper was quiet. Coffee advanced on good news in growing area and lower Brazilian export taxes. Sugar eased on comparison of new production. Wheat - China spot unreported. Bahia spot 21.50. U.S. wheat 1980-81, March 17.75. U.S. wheat 1981-82, Sept. 15.75. U.S. wheat 1982-83, Sept. 15.75. U.S. wheat 1983-84, Sept. 15.75. U.S. wheat 1984-85, Sept. 15.75. U.S. wheat 1985-86, Sept. 15.75. U.S. wheat 1986-87, Sept. 15.75. U.S. wheat 1987-88, Sept. 15.75. U.S. wheat 1988-89, Sept. 15.75. U.S. wheat 1989-90, Sept. 15.75. U.S. wheat 1990-91, Sept. 15.75. U.S. wheat 1991-92, Sept. 15.75. U.S. wheat 1992-93, Sept. 15.75. U.S. wheat 1993-94, Sept. 15.75. U.S. wheat 1994-95, Sept. 15.75. U.S. wheat 1995-96, Sept. 15.75. U.S. wheat 1996-97, Sept. 15.75. U.S. wheat 1997-98, Sept. 15.75. U.S. wheat 1998-99, Sept. 15.75. U.S. wheat 1999-00, Sept. 15.75. U.S. wheat 2000-01, Sept. 15.75. U.S. wheat 2001-02, Sept. 15.75. 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U.S. wheat 2302-03, Sept. 15.75. U.S. wheat 2303-04, Sept. 15.75. U.S. wheat 2304-05, Sept. 15.75. U.S. wheat 2305-06, Sept. 15.75. U.S. wheat 2306-07, Sept. 15.75. U.S. wheat 2307-08, Sept. 15.75. U.S. wheat 2308-09, Sept. 15.75. U.S. wheat 2309-10, Sept. 15.75. U.S. wheat 2310-11, Sept. 15.75. U.S. wheat 2311-12, Sept. 15.75. U.S. wheat 2312-13, Sept. 15.75. U.S. wheat 2313-14, Sept. 15.75. U.S. wheat 2314-15, Sept. 15.75. U.S. wheat 2315-16, Sept. 15.75. U.S. wheat 2316-17, Sept. 15.75. U.S. wheat 2317-18, Sept. 15.75. U.S. wheat 2318-19, Sept. 15.75. U.S. wheat 2319-20, Sept. 15.75. U.S. wheat 2320-21, Sept. 15.75. U.S. wheat 2321-22, Sept. 15.75. U.S. wheat 2322-23, Sept. 15.75. U.S. wheat 2323-24, Sept. 15.75. U.S. wheat 2324-25, Sept. 15.75. U.S. wheat 2325-26, Sept.

STOCK EXCHANGE REPORT

Attempted rally reversed on reluctance of buyers Index down 7.1 at 430.1 for near-10% fall from May peak

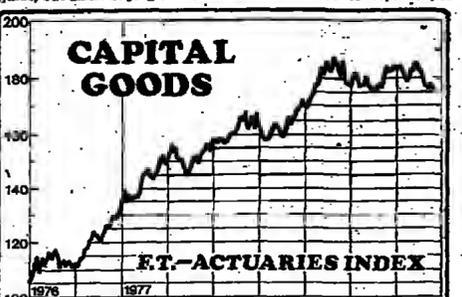
Account Dealing Dates Option
*First Declared Last Account Dealings
*First Declared Last Account Dealings
*First Declared Last Account Dealings

Being dealable in special ex dividend form for the first and only time, Eschequer 91 per cent, 1982, was again the most frequently traded stock but, in common with other mediums and longs, surrendered early firmness, which amounted to 1. The shorts also began steady to firm and encountered a two-way business representing switching against the longs before drifting back, usually to the extent of 1/2, and closing a maximum of 1/2 lower on the day. Investment advice which urged caution at this stage was the reactionary momentum. Corporations were not affected by the issue of £20m of Sandwell 13 per cent, 1985, stock and registered occasional improvements of 1/2. Avid investors in the closed Anglo-US initiative regarding the Rhodesian constitutional issue, Southern Rhodesians bonds hardened in extremely small dealings; exceptionally, the 5 per cent, 1978-81, gained two points to 250.

Leading Electricals looked support and sustained losses to 8 as in Thom 4, at 294, while falls of around 1/2 were seen in EMI, 209p, BICC, 113p, GEC, 198p, and Ever Ready, 161p. Pyc gave up 4 to 58p and H. Wigzell lost 6 to 118p. Retail, however, held at 488p, still with the help of the chairman's recent confident statement, while Best and May were an isolated bright spot at 42p, up 2, on the improved preliminary figures. In Stores, Vantons receded 4 to 89p on the disappointing interim figures, but small buying in a thin market helped George Dolan edge forward 2 to 19p. Status Discount closed a similar amount dearer at 81p.

Vesper which put on 7 more to a 1977 high of 130p. J. Bibby continued firmly in otherwise listless Foods, rising 3 to 133p for a two-day gain of 10. Fitch Lovell eased a penny to 56p in front of today's preliminary figures, while Tate and Lyle, 124p, and J. Sainsbury, 172p, both closed 2 cheaper. Cavenham, which were quoted ex* the Preference stock element of Generale Occidentale's partial bid on Monday, reacted 3 to 30p. Somperite were a penny easier at 39p despite the increased activity in the Associated Fibres market, which closed at 17p. Super-

institutions. Gomme remained a good market at 60p, up 3. Motors held up fairly well. Clayton Dewandre, with interim results, expected shortly, featured with a rise of 5/4 to 51p, but losses of 3 were seen in both Lucas Industries, 280p, and Dunlop, 100p. Distributors made fresh progress following Press comment. Arlington moved up 3 more to 82p in response to the increased earnings, while Henrys, 97p, and Calfans, 79p, put on 1 1/2 and 3 respectively. The market for Nth. Sea euphoria Confirmation by Pan Ocean of a major oil and gas strike in the North Sea Basin Field fare added stimulus to Siebens (U.K.), which was a 1/2 per cent dearer. After the close of 84p over the previous six trading days, Siebens surged ahead to 290p before profit-taking trimmed the price back to 265p and subsequent demand in the trade led to a close of 254p for a net gain of 26. Speculators also paid attention to Oil Exploration on hopes that operations in the Thubana Field will be successful. Oil Exploration rose 15 more to 342p, while stakeholders in the company to benefit included National Carbonatizing, 31p at 39p, and Premier Cansol 15p at 17p. The other hand, British Petroleum eased 4 to 910p, the Parly-paid lease a like amount to 340p, while Shell moved narrowly higher, closing at 450p. As intimated in yesterday's issue, dealings in Attock were suspended at 9.30 a.m. at 112p pending reorganisation particulars. The other hand, British Petroleum eased 4 to 910p, the Parly-paid lease a like amount to 340p, while Shell moved narrowly higher, closing at 450p.



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FINANCIAL TIMES STOCK INDEX table with columns for various stock indices and their values.

HIGHS AND LOWS table showing price ranges for various stocks.

OPTIONS TRADED table listing various options and their details.

NEW HIGHS AND LOWS FOR 1977 table listing new high and low prices for various stocks.

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office
OPERAS & BALLET
THEATRES
THEATRES

RECENT ISSUES

Table listing recent issues of equities and fixed interest stocks, including company names and prices.

RIGHTS OFFERS

Table listing rights offers for various companies, including details on shares and prices.

FT-ACTUARIES SHARE INDIC

Table showing FT-Actuaries Share Indices for various equity groups and fixed interest yields.

THO

Handwritten notes and signatures at the bottom right of the page.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts listing various funds such as Brown Shipley & Co. Ltd., Guardian Royal Ex. Unit Mgrs. Ltd., and others with their respective details and prices.

Table of Offshore and Overseas Funds listing various international investment funds such as Fidelity Mgmt. & Res. (Bda.) Ltd., Kempt & Co. Management Jersey Ltd., and others.

Table titled 'BASE LENDING RATES' showing interest rates for various banks and financial institutions.

Table listing various financial services and companies, including insurance providers and investment managers.

INSURANCE, PROPERTY, BONDS

Large table listing various insurance, property, and bond products from companies like Abbey Life Assurance Co. Ltd., Equity & Law Life Ass. Soc. Ltd., and others.

Advertisement for 'GET TO MANCHESTER' featuring a phone number (061) 246 8026 and a logo.

Table listing various financial services and companies, including insurance providers and investment managers.

Advertisement for 'INSURANCE BASE RATES' with a table of rates and contact information for Cannon Assurance.

INDUSTRIALS (Misc.)

Table of Industrial stocks including companies like ICI, BHP, Anglo American, and various mining and manufacturing firms. Columns include stock name, price, and other financial metrics.

FT SHARE INFORMATION SERVICE

CANADIANS

Table of Canadian stocks including companies like Alcan, Inco, and various resource and industrial firms.

BUILDING INDUSTRY - Continued

Table of Building Industry stocks including companies like Bovis Lend Lease, Bovis Lend Lease, and various construction firms.

DRAPERY AND STORES - Continued

Table of Drapery and Stores stocks including companies like Debenhams, Debenhams, and various retail firms.

ENGINEERING - Continued

Table of Engineering stocks including companies like Balfour Beatty, Balfour Beatty, and various engineering firms.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase stocks including companies like Bank of Montreal, Bank of Montreal, and various financial institutions.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks including companies like ICI, ICI, and various chemical firms.

ELECTRICAL AND RADIO

Table of Electrical and Radio stocks including companies like GEC, GEC, and various electronics firms.

ENGINEERING, MACHINE TOOLS

Table of Engineering and Machine Tools stocks including companies like Balfour Beatty, Balfour Beatty, and various engineering firms.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits stocks including companies like Carlsberg, Carlsberg, and various beverage firms.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV stocks including companies like British Electric, British Electric, and various entertainment firms.

DRAPERY AND STORES

Table of Drapery and Stores stocks including companies like Debenhams, Debenhams, and various retail firms.

ENGINEERING, MACHINE TOOLS

Table of Engineering and Machine Tools stocks including companies like Balfour Beatty, Balfour Beatty, and various engineering firms.

AMERICANS

Table of American stocks including companies like IBM, IBM, and various US-based firms.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads stocks including companies like Bovis Lend Lease, Bovis Lend Lease, and various construction firms.

DRAPERY AND STORES

Table of Drapery and Stores stocks including companies like Debenhams, Debenhams, and various retail firms.

ENGINEERING, MACHINE TOOLS

Table of Engineering and Machine Tools stocks including companies like Balfour Beatty, Balfour Beatty, and various engineering firms.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. stocks including companies like Borden, Borden, and various food and grocery firms.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks including companies like Borden, Borden, and various hospitality firms.

Brown Shipley the right size for your merchant bank Founders Court, Lothbury London EC2R 7HE

BRITISH FUNDS

Table of British Funds including various investment funds and their performance metrics.

INTERNATIONAL BANK

Table of International Bank stocks including various global financial institutions.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans including various international investment funds.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails including various international bonds and rail stocks.

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TRIALS - Continued

Table with multiple columns listing trial results, including names, dates, and outcomes.

MOTORS, AIRCRAFT TRADES

Table listing various motor and aircraft trade companies and their financial data.

PROPERTY - Continued

Table listing property-related companies and their financial performance.

TRUSTS - Continued

Table listing various trust companies and their financial details.

TRUSTS - Continued

Table listing additional trust companies and their financial data.

MINES - Continued

Table listing various mining companies and their financial information.

Commercial Vehicle

Table listing commercial vehicle companies and their products.

Components

Table listing various components and their suppliers.

Garages and Distributors

Table listing garage and distributor companies.

SHIPS BUILDERS, REPAIRERS

Table listing shipbuilders and repairers.

SHIPPING

Table listing shipping companies and their routes.

SHOES AND LEATHER

Table listing shoe and leather companies.

SOUTH AFRICANS

Table listing South African companies.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies.

PROPERTY

Table listing property companies.

International Finance DAIWA SECURITIES

Table listing various securities and their prices.

Table listing securities under the AUSTRALIAN category.

Table listing securities under the TINS category.

Table listing securities under the COPPER category.

Table listing securities under the MISCELLANEOUS category.

NOTES

Notes section containing detailed financial information and company announcements.

Recent Issues and Rights Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

Table listing regional market data for various areas.

OPTIONS 3-month Call rates

Table listing 3-month call option rates for various companies.

SURANCE

Table listing insurance companies and their policies.

TOBACCO

Table listing tobacco companies.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies.

FINANCE, LAND, ETC

Table listing finance, land, and other companies.

FAR WEST RAND

Table listing Far West Rand companies.

O.F.S.

Table listing O.F.S. companies.

FINANCE

Table listing finance companies.

DIAMOND AND PLATINUM

Table listing diamond and platinum companies.

RATING SURVEYORS
BERNARD THORPE
 LONDON, SW1 TEL: 01-834 6890

KING S
PLATES
 ROBERT SMITH & SON
 TEL: 051 647 4221
 TELEX: 627345

THE LEX COLUMN

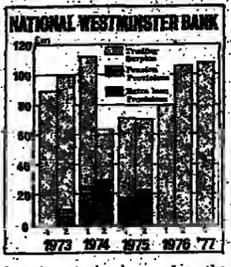
Tracing the leak in Gas profits

British Gas, which yesterday disclosed a £31.6m. pre-tax profit for the year to March, hopes in the next few weeks to establish a set of "realistic" financial targets for itself with the Government. The figure which it has in mind—and seems hopeful of securing—is a 4 per cent return on sales, an objective which it hopes would override such artificial constraints as the price code.

This would give it a pre-interest return on capital of roughly 14 per cent, and would enable it to build up its reserves from their present low figure to around 25 per cent of capital employed by the 1980s. It would also mean that British Gas would be self-financing in most years.

A laudable ambition, perhaps, but it is based on extremely conservative accounting principles. The latest profits are struck after a full current cost depreciation charge, which is £103m. greater than it would be on an historic cost basis. They also come after write-downs of £229m. against displaced plant and a further debit of £50m. resulting from a decision to charge the full replacement cost of certain fixed assets to revenue when it is incurred.

Index fell 7.1 to 430.1



what, but BAT is reaching £490m. fully-diluted profits around 44 and a yield of 5.1 per cent, and group's loss of market share.

At £109.9m. National Westminster's interim profits are 37 per cent growth rate similar but lagging behind its two main competitors. In the other two banks managed to increase profits slightly on half of last year's demand for lower interest rates.

Indeed, it is now clearer why the banks have stood up so far. The deposit margins between deposit rates led to a smaller outflow of money than might be expected and in the interim period was balanced by growth in so-called "retained" account money, overall deposit margins noticeably with a function in the reliance on sale of funds and, for the period anyway, interbank rates were a point below base rate, they normally average point more. So the advantage of the increased funding opportunities resisted cutting its even though this means a loss in market share.

In absolute terms banking profits—60 per cent of the total—marginally on the but this was more weighed by the 15 per cent rise from the 1976 total to 25 per cent.

For the second consecutive year profits in "marginally" lower should easily top mark in the full year will be only after the higher than debt provisions, capital spending by the really start to take place. It may well see itself with its earnings growth for the full year.

Prices chief forecasts fall in inflation

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE UNDERLYING rate of inflation in the shops is starting to fall and is expected to continue falling until, perhaps, the early spring, according to the Price Commission's latest quarterly report.

The rate of increase in the Commission's own index of price rises notified to it has shown a sharp drop since March, and is expected to continue declining until December, by when it could be showing an increase of 10 per cent, during the six-month period of an annual basis.

Movements in the Commission's index normally precede changes in the Retail Price Index by two to four months. This suggests that the RPI figures should certainly start improving in August—not this month—when calculated on the Price Commission basis, and that the improvement should be sustained until at least February. At this point the next round of pay settlements could start taking its toll on prices.

Presenting his last quarterly report before handing over the chairmanship of the Commission to Mr. Charles Williams, Sir Arthur Cockfield said that there was now a real opportunity of achieving a substantial and continuing reduction in the rate of inflation.

Next month the present framework of controls on companies' profit margins and individual

Steel continues Lib-Lab pact despite critics

BY RICHARD EVANS, LOBBY EDITOR

MR. DAVID STEEL asserted his authority as Liberal leader yesterday by insisting that the pact with the Government will continue into the next session of Parliament despite the continuing reservations of some of his supporters.

He appeared to have secured a considerable tactical victory at a crucial meeting of Liberal MPs called to discuss the continuation of the pact following the Government's failure to secure a firm wages agreement with the trade unions.

There had been signs of growing disenchantment among Liberal MPs over the policy of maintaining Mr. Callaghan's minority administration in office, but only Mr. Cyril Smith, the outspoken MP for Rochdale, expressed substantial reservations at yesterday's Westminster meeting.

Mr. Jo Grimmond, who abetted many of his colleagues by making public his reservations before the meeting, decided to attend a transport debate in the Scottish Grand Committee instead. There is no sign that he will go against the majority view.

No final decisions were taken at yesterday's 24-hour strategy meeting, but there will be further discussions today and probably tomorrow.

Mr. Steel is then likely to be able to tell Mr. Callaghan that the pact will continue in the autumn provided the Queen's Speech contains a high proportion of the demands made by the Liberals.

What seems certain, however, is that the Liberals will insist on inserting an escape clause that will enable them to withdraw from the pact should the Government's counter-inflation policies fail and there is a pay explosion.

What also continues to be free to vote against the Government on any specific policy issues. But the vital point for Mr. Callaghan is that matters of confidence, when the Government would be in danger, he will be able to rely on the 13 Liberals.

Yesterday's meeting was a severe setback for Mr. Smith, who has been by far the most vocal critic of the pact. Although a number of MPs continue to have doubts on the hankier renewal of the pact, they did not back his demand for it to be broken off altogether.

Although Mr. Grimmond, the former party leader, was not present, he had sent a letter to Mr. Steel declaring his opposition to continuing the agreement. "I am against the pact. The long-run danger which I see is that the more Liberals collaborate with Labour the more difficult it will be to break out."

When Mr. Smith left the meeting he said he was "extremely disappointed" and that he would carry his battle against the pact to the party conference at Brighton in late September. He is to address a special meeting on the pact during conference week and he said he would decide whether to offer that a decision on the pact is now seeking a confirmation from Mr. Callaghan that he will insert into the Queen's Speech for the next session the high proportion of their 10-point "shopping list."

This includes reform of the Official Secrets Act, and the introduction of a form of industrial democracy as well as the Government's proposals on devolution and direct elections to the European Parliament, which have already been published.

EEC approves temporary import curbs on textiles

BY DAVID SUCHAN

BRUSSELS, July 26

FOREIGN MINISTERS of the Nine today unanimously approved temporary Community-wide curbs on textile imports until the end of the year.

It is being assumed here that France, having gone along with these measures in the Council, will drop—as it is required to do—its own unilateral textile import restrictions introduced a few weeks ago without the Commission's approval.

The Community measures were proposed mainly with the intention of heading off unilateral French action.

The new EEC measures affect imports of cotton yarn, T-shirts, men's and women's shirts, chiefly from Mediterranean countries into EEC countries, mainly France.

To win French approval, the Council to-day slightly toughened the Commission's proposals, particularly on cotton yarn from Spain and shirts from North Africa into France.

The new Community textile curbs last until the end of the year, when it is hoped that bilateral accords negotiated in the framework of guidelines agreed over the week-end for a new Multi-fibre Arrangement can take over.

But M. Louis de Guiringaud, the French Foreign Minister, today claimed the Commission had "clearly gone beyond its mandate" in agreeing to those guidelines which are not precise enough for French satisfaction.

With France in a minority of one, the Council approved what the Commission has so far achieved in the Geneva MFA talks.

But it is the private view of some EEC Commission officials that France, which publicly disavowed itself from the EEC Commission in the Geneva Textile Committee, is out to wreck the chances of renewal of the MFA.

It is felt that the French are hoping that in the textile free-trade talks which would next year from a total MFA collapse, Europe would be able to block the chances of renewal of the MFA.

Rhys David writes from Manchester: EEC is being urged by British textile interests to maintain a tough line in the negotiations on future textile import levels due to take place with individual supplying countries following the suspension of the Geneva talks.

The main suppliers are likely to be invited to Brussels soon by the EEC to discuss arrangements for trade in textile items over the next few years within the framework of the protocol agreed at the Geneva talks.

The British textile industry is warning, however, that a decision to go for bilateral talks before agreement on a new MFA—the reverse of the procedure originally intended—must not be an excuse for any delay in negotiation.

Dr. Brian Smith, president of the British Textile Federation, said yesterday that it was important for the orderly development of world trade that the suspension should mean only a temporary halt in discussions.

"Little time remains before the expiry of the present MFA on December 31. At the negotiating partners are now well aware of the terms of the EEC mandate and must recognise the Community's special problem."

The solution lies in the immediate start of bilateral negotiation to produce trading agreements by the end of the year," he said.

Dr. Smith said the EEC must stand by its mandate and its negotiating partners in their own interest should show understanding and agree a better balance in international trade.

NatWest says bank charges may go up

BY MICHAEL BLANDEN

A WARNING that bank customers could face further increases in charges was given yesterday by Mr. Alex Dibbs, chief executive of National Westminster Bank.

He said that at present the bank had no application for higher charges in front of the Price Commission and no immediate plans to put forward any changes. But he added that the bank was keeping its charges under review and had ideas for changes "written down in pencil."

Mr. Dibbs was reporting on the results for the first half of this year which showed that NatWest produced pre-tax profits of £108.9m., slightly higher than in the second half of last year and 37 per cent better than in the comparable period of 1976. This follows the gains shown last week by Lloyds and Midland.

The bank raised its charge for personal current account customers in the middle of last year, though NatWest maintained the qualification for free banking at a minimum balance of £50 in the account. It reckoned as a result

Seven nations discuss plan for controlling nuclear fuel

BY DAVID FISLOCK, SCIENCE EDITOR

NUCLEAR officials from the seven nations represented at the London summit talks in mid-May meet in Paris to-day to work out a framework for an international exercise in controlling the proliferation of nuclear explosives.

Heads of state at the summit proposed a nuclear experts should spend the next two months working out plans for a study called the International Nuclear Fuel Cycle Evaluation Programme.

The purpose of the programme, involving a score or more of nations, is to assess the feasibility of technologies which might afford significant advantages in reducing the risks of proliferation.

A framework agreed by the seven early in June was abandoned when the French withdrew their support.

One major difficulty the officials have faced has been the U.S. Government's enthusiasm for framing the programme as a way of demonstrating the correctness of President Carter's new anti-proliferation policy, rather than as a dispassionate evaluation of alternative technologies—including the one abandoned.

It has demonstrated that one alternative which has been widely promoted, the thorium fuel cycle, can lead to a nuclear explosive just as readily as plutonium, with about the same amount of material.

According to Sir John Hill, chairman of the U.K. authority, the conclusion of studies since the summit is that the greatest promise appears to lie in tightening control of the existing fuel cycle.

He believes this could be implemented in three steps. The first would be to transport plutonium from the civil nuclear power programme only in the form of a mixture of plutonium and uranium oxides, making it more difficult for anyone to separate pure plutonium.

The second step would be to transport plutonium only in the form of fabricated fuel elements, using heavy containers used to transport radio-active spent fuel.

The third step—a very safe way—would be to irradiate all plutonium fuel before it left the production plant, so that it was dangerously radio-active for at least a short while.

The authority believes enough radioactivity could be induced in its batch of about 30 fast breeder reactor fuel assemblies were brought together to form a "critical mass." Such a mass would be self-irradiating.

The authority examined the idea of using the 35MW experimental advanced gas-cooled reactor at Windscale to irradiate fast reactor fuel, but concluded that a self-activating reactor would be simpler and more convenient. It is designing such a reactor to estimate the cost more accurately.

Studies

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New rift between Israel and U.S. over West Bank

BY ANTHONY McDERMOTT

A FUNDAMENTAL disagreement has emerged between the U.S. and Israel, just two days after the visit to Washington of Mr. Menahem Begin, the Prime Minister.

On his return, Mr. Begin had claimed that he had ended the "bitter confrontation" between Washington and Israel caused by the previous Israeli Government. But yesterday the U.S. Government was sharply critical of Israeli policies on the West Bank.

The disagreement occurred because Mr. Begin's Government yesterday gave full recognition

Jobless

the Government accepted its share of responsibility, but argued that there was no quick or easy answer to the problem. Mr. Albert Booth, the Employment Secretary, said there should be a decline in youth unemployment in September as a result of the special measures taken.

He also drew attention to the signs of a recovery in employment in industries such as chemicals, electrical engineering, vehicles and general manufacture. "But we shall need to make substantial progress in the rest of the year if 1977 is not to go down as the worst for unemployment since the war," he said.

The renewed rise in unemployment has taken place in spite of the measures already adopted by the Government to stem the increase. It has been aggravated by the bulge in the numbers leaving school—the total this summer is expected to be around 585,000 in Great Britain against 545,000 last year.

Alleviating measures may take up to a year to make their full impact.

The general level of the numbers of adults out of work has already been affected by a variety of official moves, including the temporary employment subsidy. In total, it is calculated that about 313,000 people are at present being assisted by all these schemes.

The Department of Employment estimates that over the period since the first schemes started in April, 1975, to their termination date, about 790,000 people will benefit at a gross cost of nearly £900m.

Another worrying feature of the figures has been the disproportionate increase in unemployment among women. On a seasonally-adjusted basis they accounted for around three-quarters of the 49,000 increase in adult unemployment this month.

Law lords reverse Gouriet appeal

act, the unions had immunity to undertake industrial action.

The Lords had reversed Lord Denning's support for Thomas Gouriet's words of 300 years ago: "Be you ever so high the law is above you."

In its place, said Mr. Gorniet, we had reached a state in which "be you ever so low the law will not protect you."

Mr. Gouriet said he had no idea yet what the final bill would be for court costs which he has been ordered to pay—both in the Appeal Court and in the Lords. Outside estimates have put them at about £30,000.

The National Association for Freedom was planning to appeal for donations from people who supported its stand.

The decision would make it far harder for the association to work through the courts in the future, said Mr. Gorniet.

Preventive justice was ruled out, leaving the association only the option of bringing criminal prosecutions. Such cases took months to be heard, however.

The possibility of bringing such a criminal prosecution against Sir William Ryland, chairman of the Post Office, over the Gridwood sorting office dispute was under consideration.

Mr. Sillkin said yesterday: "I am naturally very pleased, but I am not surprised because I fully expected the result and thought that the Court of Appeal was clearly wrong in that part of their judgment which was against me."

It is understood that the UPWF, whose instruction to its members in January to boycott post and telephone calls to South Africa for a week sparking the legal action, is not planning to reintroduce the South Africa ban.

The Post Office Engineering Union said last night that it welcomed the decision. "We wish to affirm our right to take industrial action when it is necessary in the same way as other unions," it said.

Weather

CLOUDY, showers, rather cool. London, S.E., Cent. S., Midlands Cloudy, sunny intervals. Wind N.W. Max. 19C. E. England, Anglia Cloudy, bright intervals. Showers. Wind N.W. Max. 18C. Channel Is., S.W. England, S. Wales Cloudy, sunny intervals. Showers. Wind N.W. Max. 16C. N.W. England, N. Wales, Lake Dist., Isle of Man, S. Scotland, N. Ireland Cloudy, sunny intervals, scattered showers. Wind N.W. Cent. N., N.E. England, Borders, Aberdeenshire, Cent. Highlands, Moray Firth, Argyll N. Scotland Orkney, Shetland Cloudy, bright intervals. Showers. Max. 16C (61F).

Outlook: Showers, possibly heavy and prolonged, sunny intervals, cool.

BUSINESS CENTRES

City	Day	Temp	Day	Temp
Alexandria	24	28	Luzon	25
Amman	24	28	Manila	25
Algiers	24	28	Medan	25
Ankara	24	28	Montevideo	25
Bahrain	24	28	Moscow	25
Bangkok	24	28	Mumbai	25
Batavia	24	28	Nairobi	25
Bombay	24	28	Osaka	25
Buenos Aires	24	28	Paris	25
Calcutta	24	28	Rangoon	25
Cairo	24	28	Reykjavik	25
Canton	24	28	Rio de Janeiro	25
Cebu	24	28	Rome	25
Colon	24	28	Santiago	25
Hankow	24	28	Singapore	25
Hong Kong	24	28	Stockholm	25
Kobe	24	28	Taipei	25
London	24	28	Tokyo	25
Lyons	24	28	Yokohama	25
Manila	24	28		
Medan	24	28		
Montevideo	24	28		
Moscow	24	28		
Mumbai	24	28		
Nairobi	24	28		
Osaka	24	28		
Paris	24	28		
Rangoon	24	28		
Reykjavik	24	28		
Rio de Janeiro	24	28		
Rome	24	28		
Santiago	24	28		
Singapore	24	28		
Stockholm	24	28		
Taipei	24	28		
Tokyo	24	28		
Yokohama	24	28		

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